

# The Conference Board MANAGEMENT RECORD

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## Employee Rating

### METHODS OF APPRAISING ABILITY, EFFICIENCY AND POTENTIALITIES<sup>1</sup>

WHEN A vacancy occurs in a supervisory job, which worker is best qualified to fill it? When a lay-off is necessary, who shall go? When a training program is undertaken, what topics should be emphasized? Questions like these must be answered continually by executives. The efficiency and morale of an organization depend in large part on the fairness and accuracy of the answers. Obviously, facts must be available to the man who makes the decisions.

He probably will want to know the personal and work histories of the employees concerned, their production records, and the results of any tests that may have been given. But these, by themselves, do not often tell the complete story. In most cases, performance cannot be measured by the number or quality of pieces produced. Even in strictly production jobs, the most accurate records do not tell whether an individual keeps his promises, irritates his associates, suggests improvements and points out errors, or organizes his time efficiently. These and other elements of job behavior must be determined by some sort of subjective appraisal, estimate or rating.

#### PURPOSES OF RATING PLANS

The fact that job behavior cannot be measured in inches or ounces does not mean that it cannot be measured at all, nor that it is not constantly being measured in every organization. A statement that "John Doe is a better man than Richard Roe," implies a comparative rating of the two. A statement that "John Doe doesn't measure up on this job," means that he has been rated against a job standard and found wanting. The funda-

<sup>1</sup>This article is based on a *Conference Board Report* of the same title, published in January, 1942, as No. 39 in the Board's series, "Studies in Personnel Policy."

mental purpose of installing a formal rating plan is to reduce the guesswork in such statements.

If no rating plan is used, it is unlikely (a) that supervisory judgments of employees will be based on complete information, (b) that the standards of judgment used by different supervisors will be uniform, (c) that management will really know the skills, abilities and potentialities of the men and women who work for it, (d) that employees will be kept informed of where they stand—the respects in which their work has been good, and the ways in which it can be improved, or (e) that employees will be convinced that pay changes, promotions, lay-offs and other personnel actions are based on demonstrated merit rather than on favoritism or influence.

Aside from being good "insurance" against charges of discrimination, the determination of raises, promotions, lay-offs and demotions on the basis of agreed-upon facts rather than vaguely conceived opinion has another important, far-reaching aspect. An increasing number of executives appear to believe that a rating plan which involves periodic discussions between supervisors and employees is good business and, therefore, an active money maker. This point of view has been expressed by one executive in these words:

The success of each business is nothing more or less than the composite of each employee in it. As each employee knows more specifically where to direct his efforts, the whole business takes a step forward. In addition, creative genius is encouraged, initiative is developed, and hitherto untapped energies are released when employees share in and contribute to these basic determinations.

Therefore, consulting with employees on basic problems of the job and of the business is not something we should "allow" or "stoop to do" or "do reluctantly for expediency's sake." It is the one sure way to success.



We miss our greatest opportunity for progress and new ideas if we do not use it. If we find our businesses are not making progress, and there is a dearth of new ideas, that there seems to be no forward-looking enthusiasm for the future, the answer does not lie in formal suggestion systems, pep talks, or in any fancy, artificial stimulators. Instead, try talking over those problems with employees; give them a chance to think; don't crack down the first fellow who does not think just as you do; and see what happens.

### TYPES OF RATING PLANS

Employee rating plans fall into two broad classes: those which involve some sort of comparative ranking or grading of employees, and those which involve comparing each man's actual performance with predetermined standards of performance, or definitions of satisfactory performance, which have been drawn up for each job element. The first type of plan is designed primarily to evaluate employee worth or efficiency for the purposes of making wage adjustments, lay-offs, promotions, and similar personnel transactions; the second, to improve the performance of workers on their present jobs and usually the performance of their supervisors as well, through periodic discussions between the two.

Nearly all rating plans serve both purposes to some degree. Comparative rankings often are discussed with employees and result in improved performance, while partial indications of the relative merits of different workers frequently are obtained as by-products of plans which involve comparing actual performance with standards of performance. Thus far, however, no entirely successful method of combining man-to-man and man-against-standard ratings for groups of employees doing dissimilar work appears to have been found. Procedures which involve comparing performance with standards of performance do not easily permit the drawing of comparisons between individuals doing different work, while procedures which involve grading are likely to be of limited value either in helping men to improve or in helping supervisors to develop their employees.

The more common types of rating plans used to rank or grade employees are:

*Rankings*, in which a group of employees is arranged in order of merit, or rank, from highest to lowest;

*Scales*, in which each employee is rated as to how much or how little of each of a number of factors he has exhibited on his job; and

*Check Lists*, which contain a series of statements indicating the exercise, in varying degrees, of directly observable abilities and characteristics. The rater checks those statements which best express his opinion of each worker.

Plans which involve comparing actual work per-

formance with performance standards center around informal, private discussions between every man and his immediate supervisor regarding the work the employee is being paid for performing—what it is, how it should be done, how well he is doing it, and how he can do it better. No attempt is made to compare men with each other or to assign scores or grades. One question is uppermost: "In what way can your performance be improved?"

Experience seems to show that any type of rating plan can be used, with modifications, to rate workers in any occupation. Fundamentally, the type of rating program adopted seems to depend more on the philosophy of the management and the objectives sought than on the kind of work the employees do.

### SELLING THE PROGRAM TO MANAGEMENT

A rating program should be presented to members of the supervisory force only on the ground that it will supply a practical means of helping to solve specific production problems, the existence of which is recognized—in other words, that it will help them to do their own jobs better. Certainly, this is the sole basis on which it will be accepted with any real enthusiasm. It neither can nor should be "sold" as a means of helping the personnel department to do a better job.

One of the most effective ways of acquainting executives with the advantages of a rating plan seems to be to establish an advisory committee, or rating review committee, composed of senior executives. Usually, representatives of many different departments and points of view are included. Often, those who are most skeptical about the whole idea are enlisted. The committee can be charged with formulating policies, approving procedures, assuring organizational support for the program, reviewing ratings and, perhaps, serving as a board of appeals. If it is composed of men of ability, it is likely not only to evolve a practical program, but also to aid greatly in its acceptance. The members will in all probability acquire pride in the success of the plan, and will help to convince the other members of the management of its value.

### CONSTRUCTING A RATING FORM

In many rating plans which involve comparing actual work performance with standards of performance, no rating form is used. When one is used, its chief purpose is to stimulate supervisory thinking and facilitate discussion with employees. The emphasis is placed on the discussions between workers and supervisors in which job duties and responsibilities are clarified and areas in which improvement is possible are agreed upon. While it is important that the rating form (if one is used) be simple and lend itself to such discussions, it does not assume the same importance as forms used in plans which rank or grade employees. The reason is, of



course, that measurements of efficiency can be only as accurate as the yardstick used.

#### *General Considerations*

In considering a proposed rating form, an executive should first determine whether it is practical. In the words of one authority:

As a plan is prepared, it will save time and revision and patience over the long haul to develop a form with simplicity of rating method, and fewness of items—one which will fetch in reliable information, yet at the same time will not intrude too ruthlessly upon the crowded days of foremen and department heads. Because if it does, it won't be used at all. A rating plan should be designed to help increase efficiency, production, and the general handling of people—not detract too much from the time and effort of a business's supervisory staff.

The accumulated experience of many concerns seems to indicate the advisability of bearing in mind the following considerations, which, if observed, will go far toward insuring that the rating form will be a practical tool:

1. The factors or items on the rating form should supplement information already available.
2. The factors on a rating form should cover a sufficient number of different aspects of an individual's performance to give a rounded picture or "profile" of the worker. At the same time, the total number of items should not be so large that raters become impatient and careless in filling in the form. Experience seems to indicate that not over twelve factors should be included on order-of-merit forms or on scales.
3. The factors on a rating form should be pertinent to the actual work of the individuals being rated and, therefore, directly observable.
4. Each factor should be defined in terms of how an employee handles his job duties.
5. The several gradations or degrees of proficiency into which each factor is divided should be described in phrases that mean approximately the same thing to all users of the form.
6. The number of gradations or steps into which each factor is divided should be few.
7. Numerical weights or scores should not appear on the rating form.

#### *Drawing Up the Form*

The steps followed in drawing up an order-of-merit, scale or check-list rating form should be something as follows:

1. Obtain from job analyses, from members of the rater group and, if possible, from the ratees as well, lists of the acts or observable characteristics which are considered to be important in determining job success, capacity for advancement, or whatever else it is desired

to measure. Select those which are the most comprehensive and at the same time discreet, and about which there is the greatest agreement, and phrase them in terms of employee action.

2. Construct phrases that describe the several gradations or degrees into which each factor is to be divided on the form. Thoroughly check these phrases with the rater group to make certain that they mean approximately the same thing to every individual.

3. Construct a tentative rating form, and submit it to trial with a representative group of raters. Analyze the results obtained, solicit suggestions and criticisms and revise the form accordingly.

4. Analyze the validity and reliability of the results received from the revised form, continue to solicit suggestions, and be prepared to make changes.

#### *Danger of Over-Emphasizing the Form*

In the past some organizations have attached too much importance to the rating form and have thought that once it was constructed the success of the rating program was practically assured. No attitude could be more unfortunate. While a soundly constructed form can greatly facilitate the rating procedure, it is only the beginning. It should be thought of as a tool which can be no more effective than the man who uses it, regardless of how well or poorly it is made. One executive with long and successful experience with employee rating plans has gone so far as to say, "I don't give a hoot what rating form I use. Give me only intelligent supervisors and enough time to train them."

### TRAINING THE RATERS

With reasonable effort, nearly anyone can devise an employee rating plan. A harder job is to see that the plan subsequently is used intelligently, constructively and constantly. Success depends in a large measure upon the extent to which the men who will fill in the rating forms understand its purpose and method. This depends upon the effectiveness of the training given prospective raters. Many concerns which have had unsatisfactory experience with rating plans have given little attention to this activity.

#### *Methods Followed*

A number of different methods are used, either singly or in combination, to instruct raters in the purposes of rating and the procedures to be followed. The more common of these are:

- A. *Conferences:* When a satisfactory training program for supervisors already is in existence, it is usually a simple matter to devote several successive conferences to the purposes and uses of employee evaluation, and the best techniques to follow. When such a program does not exist, an excellent opportunity to start one



frequently is offered. "How to judge men" is a subject in which supervisors usually are interested, and it is one on which every foreman is likely to think he is something of an authority.

*B. Group Instruction:* This type of meeting, in which prospective raters are given instructions in the use of a rating form, usually is unnecessary for supervisors who have participated in drawing up the rating procedure. In many organizations, however, it is impractical to hold developmental conferences for all raters, and a number of supervisors must be told how to rate.

*C. Individual Instruction:* In this method, each rater personally discusses the rating program with a member of the personnel department. While a valuable complement to group meetings, individual instruction seems to be too time-consuming to be practicable as a regular procedure.

*D. Printed Material:* This may take such forms as a rating manual, a letter of instruction to all raters, a section in a standard-practice manual, the minutes of instructional meetings, or an article in a supervisory bulletin. The precise vehicle used to convey written instructions to raters apparently matters little; it is important only that they be comprehensive, lucid, and easily readable. Although some concerns consider that raters can be trained by written instructions alone, the experience of the majority seems to indicate that such instructions are of greatest value as reference material, used to supplement personal contacts.

*E. "Practice" Ratings:* Sometimes raters are asked, either singly or in small groups, to rate a small group of people they all know. Differences in the results serve as a basis for correcting misunderstandings and removing prejudices. In some cases they are asked to repeat the ratings a short while afterward. The ratings are conducted for practice purposes only, and no record of them is retained.

*F. Rating the Raters:* Several organizations have followed the practice of starting the rating program at the top of the organization, so that every supervisor will have been rated himself before he rates his subordinates.

#### *Need for Retraining*

Even though a rating program has been effectively installed, it will not continue to function smoothly without constant attention. Unless the principles of rating are reviewed with each rater before each rating period, especially with weaker raters, it will probably be impossible to maintain the standard originally achieved, much less to improve it. No self-operating rating program has yet been discovered. As one executive puts it:

I don't know of anything—quality, efficiency, safety, maintenance, any kind of program you can name—which doesn't bog down unless there is definite machinery for periodical invigoration. You can't just sell something. You have to keep it sold.

Unless this same general promotional idea is applied to the operation of a merit rating plan, it will ease off into another of the half-hearted routines which become increasingly valueless from the fact that no one seems to care whether they're maintained or not.

#### SELLING THE PROGRAM TO RANK-AND-FILE EMPLOYEES

No rating plan can be successful if a considerable number of the employees affected hold mental reservations regarding its fairness and adequacy. In order to overcome reservations of this nature, it seems advisable to bear in mind the following:

##### *Time for Installing a Rating Plan*

Any changes in equipment, machinery, or personnel policies that take place during a time of declining wages or employment are bound to be viewed with suspicion by workers. If the installation of an employee rating plan is closely followed by pay cuts or lay-offs, workers are very apt to see a cause-and-effect relationship between the two, even though none exists. Consequently, it would seem wise to inaugurate employee rating during a time of increasing employment and rising wages, such as the present, if possible. If this is done, when the inevitable reaction takes place rating probably will be accepted by employees as a necessary and fair procedure.

##### *Explaining the Plan Beforehand*

Even if it is considered desirable to conceal from employees the fact that they are being rated, in practice it is impossible to do so. Bitter experience has shown that attempts at concealment are more than likely to result in distrust, accusations of "black-listing," and similar difficulties. Since workers are sure to know, in any event, that they are being rated, it is only common sense to try to enlist their support. This is impossible unless they feel they are being taken into the management's confidence. A thorough job of publicizing a rating program not only goes far toward insuring its acceptance, but also provides an acid test of its soundness and fairness.

##### *"Selling" and Training Supervisors*

A good job of convincing employees of the potential value of ratings and of the sincerity of management's intention that they be fairly administered and used is undermined if the persons who actually do the rating—i. e., the first-line supervisors—are not also convinced of their value and trained in their use. The value of any policy or procedure can be, and is, judged by nearly



every employee almost entirely by the way it is interpreted and applied by his immediate boss. He will be quick to detect insincerity or lack of conviction, and will be alert for evidences of incompetence or discrimination.

#### *Telling Employees How Ratings are Used*

One of the major purposes of installing most employee rating plans is to insure that decisions regarding promotions, lay-offs, wage adjustments, transfers and other so-called personnel transactions will be made on the basis of fact rather than fancy. If a rating plan does achieve this result, judicious demonstrations of that fact to workers constitute one of the best arguments for the procedure. In concerns which have a satisfactory relationship with their employees, grievance committees as well as management representatives are likely to be grateful for an objective means of determining the validity of complaints regarding discrimination.

#### FILLING IN THE RATING FORM

In an effort to save the time of the supervisory staff, many companies in the past have gone to extremes in simplifying their rating procedures. While there can be no question of the desirability of this objective, the desirability—to say nothing of the possibility—of reducing the act of filling in an employee rating form to a quick, mechanical procedure is extremely doubtful. Any rating plan that is worth its salt stimulates supervisors to examine thoughtfully and analyze critically their employees' performances. By its very nature, this process is not one that can be performed in a hurry or reduced to a formula. The entries on a rating form are important, and should be made only as a result of some very careful thinking.

#### *Who Should Do It?*

In rating plans designed primarily to improve the performance of workers on their present jobs, a frequent practice is for each employee and his immediate supervisor to fill out a sheet or form cooperatively reporting areas in which they agree that improvement is possible. When employees participate in the filling in of their own rating forms, they learn what their supervisor's standards are, they are forced to analyze critically their own work and see it through an outsider's eyes, and they are most unlikely to harbor suspicions that they are being discriminated against or that the program is unfair.

In some rating plans, the rating form is filled in by several workers of the same level of responsibility as the ratee, while others provide that all rating forms be filled in by one individual, usually a member of the personnel staff, from information obtained in a meeting with the two or three supervisors who know the em-

ployees concerned best. In by far the majority of rating plans, however, the rating form is filled in by the employee's immediate supervisor or supervisors. It seems to be essential that the immediate supervisor be one of the raters, no matter how many other persons are included. One executive clearly stated the reason for this:

It is very difficult to maintain a solid working relationship between employee and foreman if the latter feels that he is responsible for only the employee's performance on the job. We feel that there is no dividing of an employee into two parts—machine and human being.

#### *How Often Should It Be Done?*

Regular ratings are usually conducted at annual intervals, although a considerable number of organizations rate employees semi-annually. It appears that, under normal conditions, ratings should not be made more frequently than every six months, because employees are not likely to change sufficiently during a shorter period of time to make them worth while. They should probably be held at least once a year, so that changes in efficiency can be recognized with reasonable promptness.

#### *Rating Reviews*

Most rating forms are not considered to be finally filled in until they have been reviewed by upper levels of supervision to see that uniform standards have been observed by all raters. Generally, reviewers are not concerned with the ratings of individuals, but do attempt to make sure that wide variances between the ratings made by different supervisors are accounted for by actual differences in the efficiency of their separate groups of employees.

#### DISCUSSING RATINGS WITH EMPLOYEES

It seems to be generally accepted that friendly, informal discussions between each employee and his supervisor can provide the soundest possible basis for employee development—a thorough understanding by each worker of what is expected of him. The opportunity that such discussions afford supervisors to get in close personal touch with their subordinates often proves to be invaluable in promoting good industrial relations and a healthy working regime. The purpose and importance attached by practical executives to rating interviews are indicated by the following statement:

Every employee not only likes to know, but has a right to know how he is getting along. A worker cannot be expected to measure up to a foreman's standard unless he knows what that standard is, nor to improve himself unless he knows wherein he needs improvement. We all know many a superior employee who has resigned or lost interest in his work because he felt his efforts were not receiving recognition. One of every supervisor's most important duties, therefore, should be to supply this information to each of his subordinates, clearly, honestly and in such a way that it will be helpful.



While the theoretical values of these discussions are recognized by nearly everyone, because of practical difficulties, many doubts have been expressed as to the benefits which actually will accrue. If the interview is clumsily handled, the employee is apt to become antagonized. It is hard for the most tactful of supervisors to tell a worker that he is "poor," or that he is worse than some other worker. Employees may worry about their mistakes and become fearful of their job security.

There undoubtedly is no panacea, no single formula, which will surely remove these difficulties. The collective experience of a number of organizations seems to indicate, however, that they are not likely to arise if two conditions are observed: if the rating plan is simple enough and sufficiently sound to stand up under questioning, and if the raters are systematically trained in the conduct of the interview.

#### *The Conduct of the Discussion*

Experience has demonstrated the advisability of considering the following points with regard to the conduct of discussions with employees concerning ratings:

1. The interview should be held on company time and in private. Plenty of time should be allowed (half an hour at an absolute minimum), and the conferees should be free from interruptions and undue strain or pressure.
2. The supervisor must himself be convinced of the value of the interview, and make his conviction clear to the employee. It is almost impossible to sell anything on which one is not sold oneself.
3. The supervisor should be thoroughly prepared. He should know why he has given his markings and be prepared to justify them.
4. The employee should be put at his ease. It is extremely important that he see the value of the interview and that his lively interest in the subject matter be aroused. As soon as he starts to think and talk for himself, he probably will forget his self-consciousness.
5. The employee should fully understand the purpose of the interview and of the rating program as a whole.
6. The discussion should be based on observed instances of job behavior, not on the worker's personal characteristics as such. Employees will be more likely to recognize the validity of criticisms made on the former basis than they will of apparently irrelevant remarks about their own "initiative" or "cooperativeness" or "personality."
7. The employee should fully appreciate why he has been rated as he has. He should be given every opportunity to question appraisals and explain obstacles that may have prevented effective performance. The supervisor will not be able to offer an employee constructive

help, unless he knows what the employee thinks and how he feels.

8. The employee should be told of good points as well as poor points, commended for past improvement as well as advised where future improvement is possible.

9. The supervisor should not only tell the employee where he needs improvement, but also how he can improve.

10. The supervisor should not divulge the ratings given other employees by name, or discuss their performance, except in exceptional cases.

11. The interview should be closed on a friendly note, with no questions unanswered or disagreements not talked out. The door should be left open for resumption of the discussion whenever the employee feels it desirable.

Nearly all organizations in which ratings are discussed with employees provide that records be kept of the substance of the meetings. They are thought to provide valuable supplements to the rating form, indicating as they do each employee's reaction, points of disagreement between the worker and supervisor and, usually, specific points on which improvement was agreed to be possible. They refresh the supervisor's memory before the succeeding interview, and help him to follow up on recommendations.

The record is usually filled out by the supervisor immediately after the conclusion of the interview, although in a few cases the employee and the supervisor fill it out together. If this is done, the record will provide protection to both the supervisor and the worker in case of future charges of discrimination.

#### DETERMINING VALIDITY AND RELIABILITY

Even if the best of selling and training jobs has been done, there is bound to remain in the minds of some supervisors and employees an element of doubt as to whether the scores or grades assigned reflect merely the opinions of the raters, or whether they reflect the facts. Experience indicates that doubts of this character usually have some basis because the most conscientious of raters is likely, quite unconsciously, to have fallen into one or more of the following errors:

1. He may inflate the efficiency of his subordinates in keeping with his belief in the importance of his own work.
2. He may make the ratings support wage recommendations rather than basing them on an analysis of the individual.
3. He may overrate older employees with whom he has long associated, or underrate more recently employed workers.
4. He may overrate employees he, himself, has trained, or underrate those he has not.



5. He may translate potential usefulness or unusual abilities into a higher rating than present performance warrants.

6. He may permit a single characteristic to overbalance his judgment of other performance factors (the "halo effect").

7. He may overrate employees with strong personalities through fear of antagonizing them.

If unchecked, the doubts of the few are likely to spread gradually throughout the organization until little confidence is placed in the rating results. A new form may be designed and used, only to follow the same cycle. This procedure is likely to continue until some method is adopted for testing the rating results and proving how much reliance can be placed in them. It appears that two things must be known: Whether the ratings actually measure what they are intended to measure (their validity), and whether they measure it consistently (their reliability).

#### *Methods of Determining Validity*

A rating can be considered valid when it accurately measures what it is supposed to measure, and it should not be considered invalid if it does not measure other things as well. For example, a rating may be a valid means of determining who should be promoted, but may prove to be an invalid means of determining who should be given a raise. Ratings, therefore, should be judged separately on their validity with respect to each of the objectives which they are designed to attain.

A number of methods has been tried, with varying success, in order to determine the validity of employee ratings. Among the most common are:

- a. Comparison with direct measurements of performance, such as production records.
- b. Comparison with psychological tests which purport to measure the same ability.
- c. Analysis of the distribution of rating results.
- d. Determining the presence or absence of the "halo effect."
- e. Comparison with subsequent promotions, lay-offs, or wage adjustments.

In using any of these methods, it should be remembered that it is extremely doubtful if one is validating only a particular rating form. Rather, one probably is validating the rating method as a whole—the form, the raters, the training procedure, the ratees, etc. Consequently, it is unwise to borrow a rating form which is valid in one company and expect it to be equally effective in some other concern.

#### *Methods of Determining Reliability*

The problem of determining whether ratings are reliable is relatively easy, and the results generally are

satisfactory. Even though the rater may not accurately name what he sees, he is generally consistent in giving the same name to the same type of performance. The most widely used method is to compare the ratings completed at one time with those completed at the end of a stated interval. If there is little difference between the two ratings, it may be assumed that the same thing is being measured consistently—in other words, that the ratings are reliable.

Some executives have believed that if a number of independent raters (usually three or more) agreed as to how much of a particular quality a particular worker exhibited, this indicated that the measurements were consistent, or reliable.

Certainly, in most situations, such agreement is desirable if it can be honestly reached, because of the greater confidence that can be placed in the rating scores. In practice, however, complete agreement is often impossible. Raters are likely to have varying amounts of contact with employees and thus see them perform under different circumstances. A comparison of their ratings often will not produce agreement, and the divergence of opinion may be of considerable value to those who interpret the ratings. Accordingly, there is considerable doubt as to whether this method provides a sound test of reliability.

#### *General Considerations*

It appears that while there are many ways of determining approximately what any group of ratings measures and how consistent the measurements are, no one has yet discovered a single method or combination of methods which will justify a categorical statement that "ratings are entirely valid," or that "ratings are entirely reliable." In other words, it seems to be impossible to prove that they are mathematically accurate measures of performance, of potentialities, or of personal qualities.

The implications of this fact are plain: Ratings are considered opinions only, and should be applied as such. Even though it can be demonstrated, through the procedures outlined above, that they are reasonably valid and reliable, their primary function should be to substantiate other information and to indicate trends. They supplement, but cannot take the place of, production records or other more concrete means of measurement.

#### CONCLUSION

A personal program is useful in a practical way insofar as it helps management to set up a sound wage structure, handle grievances, reduce costs, make promotions, or otherwise perform effectively the day-to-day activities that go to make up the production job. Employee rating, therefore, like job evaluation, training and other personnel activities, must be judged primarily on the basis of the practical help it furnishes to line employees.



### *Possible Uses of Employee Ratings*

Employee ratings can be put to any or all of the following uses:

*In Hiring New Workers:* Ratings can be used to organize and record the interviewer's impressions of an applicant. Past ratings can be consulted to help clarify the picture of the applicant. Ratings made at the conclusion of a probationary period can be used to check the effectiveness of the original selection and placement procedures.

*In Making Wage Adjustments:* Ratings can provide valuable information on an employee's performance and conduct when decisions on wage adjustments or bonuses are to be made, and can justify the granting of wage differentials based on performance.

*In Developing and Training Employees:* Ratings can disclose an employee's strong and weak points, and thus serve as a means of directing training and developmental activities toward the areas where they are most needed.

*In Improving Supervision:* Ratings can force supervisors to analyze their subordinates critically and ascertain what must be done to help them progress.

*In Making Promotions and Transfers:* Ratings can supply accurate indications of each employee's potentialities. They can furnish information regarding work behavior which is essential to any thoroughgoing personnel review or employee inventory.

*In Making Lay-offs or Discharges:* Ratings can provide information which will help to insure that lay-offs and discharges are fairly made, protecting employees against discrimination and employers against false charges of discrimination. They can do much to forestall demands that seniority be the only criterion followed.

*In Granting Leaves of Absence, Making Loans, Offering Educational Opportunities, and Otherwise Specially Considering Employees:* Ratings can help to build up individual employee records to the point where such actions can be taken with a reasonable degree of assurance as to their fairness.

### *Limitations of Employee Ratings*

A knowledge of what ratings cannot do is just as necessary to their complete understanding as is a knowledge of their potentialities. The following points should be borne in mind in this connection:

*They Are Not a Substitute for Job Evaluation:* Job evaluation establishes the relative worth and hence the basic pay of each occupation by means of an objective analysis of job duties and responsibilities. Employee ratings indicate how effectively each employee is discharging those duties and responsibilities.

*They Do Not Tell the Whole Story About an Employee:* Employee ratings do not take the place of personal history, employment, attendance, medical or other personal records, nor of aptitude, interest or other psychological tests, nor of safety, spoilage, quality, quantity or other production records. They are records of job behavior, and as such are only one of the sources of information consulted in drawing up seniority lists, making promotions or wage adjustments, or performing other "personnel transactions."

*They Are Approximations Only:* As has been discussed previously, it is impossible to judge performance, potentialities, or personal qualities with mathematical precision. Ratings, as expressions of human judgment, can only be approximations.

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### **Wartime Leaves of Absence**

Because of the restrictions on new construction, one gas and electric company will be forced greatly to curtail its normal construction program. To assist in the national emergency and to aid employees in finding work in war industries, the company has adopted the following procedure.

An employee desiring to leave the company for work in war production may be granted a wartime leave of absence for the duration of the war, if he can be spared. The employee who is on wartime leave of absence will be reinstated if: (1) he pro-

duces proof of satisfactory work from his last employer; (2) he is still qualified and physically fit to perform his previous duties; and (3) he makes application for reinstatement within forty days after a declaration of peace with all nations. If he fulfills these provisions he will be reinstated in his former position under the same conditions applicable to employees on military leave, with the exception that he shall not accumulate seniority during his leave of absence. Such absence shall not be deemed to interrupt "continuous service."



## Earnings and Hours in 18 Manufacturing Industries in the New York Metropolitan Area

**A**VERAGE HOURLY and weekly earnings, employment, man hours and payrolls of the manufacturing wage earner in the New York metropolitan area have shown a generally steady rise since the defense program was initiated. The accompanying table and charts show the results of THE CONFERENCE BOARD'S regular monthly survey of eighteen manufacturing industries in this area.

### Hourly and Weekly Earnings and Hours

Average hourly earnings in December, 1941, were \$.885, or 13.2% higher than they were in December, 1940, and 17.4% greater than in May, 1940, the month before the defense program was launched. During the last two years, hourly earnings have risen steadily each month with the exception of May, 1940, and January, 1941, when they declined slightly.

Average weekly earnings show even greater increases over this period, because of the greater number of hours worked. Since December, 1940, average weekly earnings have increased 17.6%, from \$32.14 to \$37.79, and the work week has been increased by 1.6 hours. From May, 1940, to December, 1941, however, a rise of five and one-half hours in the length of the work week, together with the large rise in hourly earnings, has resulted in an increase of 34.7% in average weekly earnings.

### "Real" Weekly Earnings

Even after allowing for the advance in living costs,

the manufacturing wage earner in the New York metropolitan area received the highest weekly earnings in December, 1941, that have ever been recorded there. Although the cost of living rose 8.0% from December, 1940, to December, 1941, "real" weekly earnings rose 8.9% over the same period. Since May, 1940, "real" weekly earnings have risen 23.2%, while living costs have advanced 9.4%.

### Employment, Man Hours and Payrolls

The number of persons employed in manufacturing has increased in every month since May, 1940. In December, 1941, there were 32.0% more wage earners at work than in December, 1940, and 54.8% more than in May of that year.

Total man hours worked, which reflect changes in both employment and the number of hours worked per week, have shown even greater increases. They were 37.2% greater in December, 1941, than in the same month of 1940, and 77.6% greater than in May, 1940.

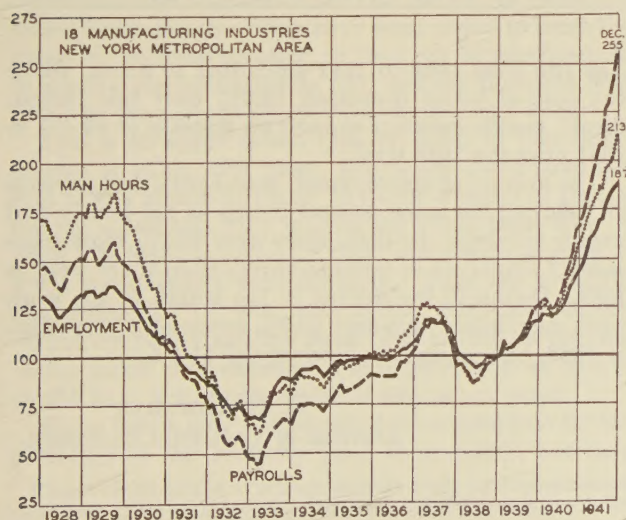
Payrolls, which show the combined effect of employment, hourly earnings, and hours worked per week, have shown the greatest increases of all. They have risen 55.2% over the year period, and 108.5% since May, 1940.

### Comparison with Previous Years

Hourly earnings averaged \$.829 in 1941, an increase of 30.3% since 1928, the first year for which data are available. They rose fractionally each year from 1928

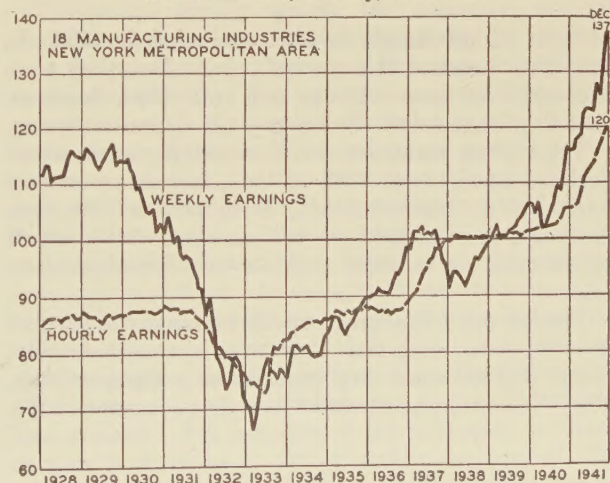
### EMPLOYMENT, PAYROLLS AND TOTAL MAN HOURS

Source: THE CONFERENCE BOARD  
Index Numbers, January, 1939=100



### HOURLY AND WEEKLY EARNINGS

Source: THE CONFERENCE BOARD  
Index Numbers, January, 1939=100





**WAGES, HOURS AND EMPLOYMENT IN 18 MANUFACTURING INDUSTRIES  
NEW YORK METROPOLITAN AREA, 1928-1941**

Source: THE CONFERENCE BOARD

	Actual			Index Numbers, January, 1939=100						
	Average Hourly Earnings	Average Weekly Earnings	Average Hours per Week per Wage Earner	Average Hourly Earnings	Average Weekly Earnings	Cost of Living	"Real" Weekly Earnings	Employ- ment	Total Man Hours Worked	Payrolls
<b>Annual Averages</b>										
1928.....	\$.636	\$31.21	49.0	86.1	112.9	119.7	94.3	126.4	165.6	142.7
1929.....	.640	31.77	49.6	86.6	114.9	119.1	96.5	132.8	176.1	152.6
1930.....	.645	29.93	46.4	87.3	108.3	115.6	93.7	117.8	146.2	127.6
1931.....	.646	27.08	41.9	87.4	98.0	105.6	92.8	94.5	105.8	92.6
1932.....	.591	22.01	37.2	80.0	79.6	95.9	83.0	76.7	76.3	61.1
1933.....	.569	20.48	36.0	77.0	74.1	92.2	80.4	76.5	73.7	56.7
1934.....	.627	22.16	35.4	84.8	80.2	96.4	83.2	90.7	85.9	72.7
1935.....	.645	23.77	36.9	87.3	86.0	99.0	86.9	96.8	95.5	83.2
1936.....	.647	25.52	39.5	87.6	92.3	100.1	92.2	99.9	105.5	92.2
1937.....	.702	27.65	39.5	95.0	100.0	102.7	97.4	113.5	119.9	113.5
1938.....	.741	26.16	35.3	100.3	94.6	100.4	94.2	97.2	91.8	92.0
1939.....	.744	28.29	38.0	100.7	102.4	99.7	102.7	107.8	109.5	110.4
1940.....	.762	29.61	38.9	103.1	107.1	101.3	105.7	126.3	131.4	135.3
1941.....	.829	34.09	41.1	112.2	123.3	105.0	117.4	167.1	183.6	206.0
<b>1940</b>										
January.....	\$.750	\$29.33	39.1	101.5	106.1	100.3	105.8	118.4	123.7	125.6
February.....	.753	28.99	38.5	101.9	104.9	101.0	103.9	121.0	124.5	126.9
March.....	.754	29.48	39.1	102.0	106.7	101.2	105.4	120.8	126.2	128.9
April.....	.759	28.92	38.1	102.7	104.6	100.9	103.7	121.3	123.6	126.9
May.....	.754	28.05	37.2	102.0	101.5	100.5	101.0	120.7	120.1	122.5
June.....	.759	28.46	37.5	102.7	103.0	101.5	101.5	121.7	122.1	125.2
July.....	.760	29.03	38.2	102.8	105.0	101.5	103.4	123.6	126.2	129.8
August.....	.760	29.41	38.7	102.8	106.4	101.5	104.8	125.3	129.7	133.3
September.....	.762	30.33	39.8	103.1	109.7	102.1	107.4	129.2	137.5	141.7
October.....	.767	30.07	39.2	103.8	108.8	101.4	107.3	134.7	141.2	146.6
November.....	.782	31.05	39.7	105.8	112.3	101.5	110.6	136.9	145.3	153.7
December.....	.782	32.14	41.1	105.8	116.3	101.8	114.2	141.5	155.5	164.6
<b>1941</b>										
January.....	.781	31.94	40.9	105.7	115.6	101.8	113.6	144.2	157.8	166.7
February.....	.783	32.02	40.9	106.0	115.8	102.0	113.5	148.7	162.7	172.2
March.....	.788	32.47	41.2	106.6	117.5	101.8	115.4	154.3	170.0	181.3
April.....	.798	32.72	41.0	108.0	118.4	102.3	115.7	159.9	175.3	189.3
May.....	.820	33.87	41.3	111.0	122.5	103.2	118.7	160.6	177.3	196.7
June.....	.826	34.03	41.2	111.8	123.1	104.0	118.4	165.0	181.8	203.1
July.....	.832	34.03	40.9	112.6	123.1	104.6	117.7	169.9	185.9	209.1
August.....	.839	33.98	40.5	113.5	122.9	106.0	115.9	170.4	184.5	209.4
September.....	.854	35.27	41.3	115.6	127.6	107.1	119.1	177.6	196.1	226.6
October.....	.864	34.73	40.2	116.9	125.7	108.2	116.2	183.1	196.8	230.2
November.....	.877	36.22	41.3	118.7	131.0	109.6	119.5	184.9	204.1	242.2
December.....	.885	37.79	42.7	119.8	136.7	109.9	124.4	186.8	213.3	255.4

to 1931, fell off sharply in 1932, and again in 1933. In 1934 they resumed the upward trend which they have followed ever since. It was not until 1936, however, that they regained all the losses of the depression years.

The average number of hours worked per week, which declined 16.1% from 1928 to 1941, has shown greater variation. It declined steadily from 1929 to 1934, then recovered some of the loss each year until 1937, fell off to a record low in 1938, and has been increasing ever since.

The low point in average weekly earnings was reached in 1933, since which time they have increased steadily, except in 1938 when they experienced a slight setback. They did not surpass the 1929 level, however, until 1941.

The rise from 1928 to 1941 amounted to 9.2%. Since the cost of living decreased 12.3% over this period, "real" weekly earnings showed an increase of 24.5% in 1941 over the 1928 level.

The indexes of employment, man hours, and payrolls all followed the same general trends as did hourly and weekly earnings. In 1941, there were 32.2% more wage earners employed in manufacturing than there were in 1928. Owing to the decline in the length of the work week, man hours were only 10.9% greater last year than in 1928, but payrolls had advanced 44.4%.

H. G. HOFFMAN  
Division of Industrial Economics



## Sale of United States Savings Bonds to Employees<sup>1</sup>

THE SALE of United States Defense Savings Bonds through payroll deductions has become the most important medium for encouraging employee thrift in American industry at the present time, and in a number of instances has superseded other employee thrift plans sponsored by the employer. On January 15, the United States Treasury estimated that more than 8,200 companies with approximately 9,750,000 employees have adopted such plans or are making arrangements to start them.

As part of its investigation of the broader aspects of employee thrift, THE CONFERENCE BOARD has made a survey of the steps taken by industry to promote the sale of government bonds and stamps among American workers and the features of the payroll allotment plans adopted.

### GOVERNMENT SECURITIES SOLD

The government is offering three types of Defense Savings Bonds for sale to aid in the financing of the war effort. These are Series E, F and G. Only the Series E Bond is sold under most of the payroll deduction plans so far received by THE CONFERENCE BOARD, although all three types are sold under a few plans.

Comparatively few of the concerns included in the present survey, 25%, provided for the sale of Defense Stamps as well as for payroll deduction for Savings Bonds. In these companies Defense Stamps are sold for cash at convenient places throughout the plant or at the credit union offices.

#### *Series E Savings Bonds*

Series E Savings Bonds are the successors of the so-called Baby Bonds. They have been issued to meet the needs of the small investor, as they can be purchased in as small a denomination as \$25, and are therefore best fitted to the savings program of the average worker.

This is an appreciation type of bond, in that it increases in value with time. Bonds are dated from the first of the month in which payment is received by the issuing agent and they mature ten years from date of issue. If held to maturity they will return a yield of 2.9% compounded semi-annually. They are issued in denominations of \$25, \$50, \$100, \$500 and \$1,000 (maturity value) and the issue price is 75% of the maturity value. For example, a unit purchased for \$18.75 would have a maturity value of \$25 in ten years.

These bonds may not be called for redemption by the Secretary of the Treasury prior to maturity, but they

may be redeemed by the owner after sixty days from the issue date at fixed redemption rates. The bonds are not transferable and may be registered only: (1) in the name of an individual; or (2) in the name of two persons as co-owners; or (3) in the name of one person with another person as beneficiary. They may not be sold, nor may they be used as collateral for a loan.

Ownership of these bonds is restricted to individuals in their own right, with a limit upon holdings of \$5,000 maturity value of bonds issued in any one calendar year. The bond is taxable as to income by the Federal Government only, and not by states or municipalities. It is subject to estate, inheritance, gift and other excise taxes.

### FEATURES OF PAYROLL ALLOTMENT PLANS

The payroll allotment plans adopted by industry to facilitate the sale of United States Savings Bonds to employees are very similar. An analysis of the plans received in connection with this investigation reveals that with minor exceptions they follow the provisions of the recommended plan that has been prepared by the United States Treasury.

#### *Payroll Allotment Authorization*

Through payroll deductions the company offers its employees a convenient, easy and systematic method of purchasing the Savings Bonds. To participate, the employee is required to sign an authorization card on which he writes his name and address, the amount of savings to be deducted, the denomination of the bond to be purchased, the name of the person in which the bond should be delivered. Thereafter payroll deductions continue until the authorization is changed or canceled.

Companies usually specify the minimum amount that an employee may save under the plan, in order that the purchase of a bond may be completed within a reasonable period. The minimum payroll deductions permitted under the payroll allotment plans analyzed are shown in Table 1. These minimum payroll deductions are specified for the installment purchase of a Series E bond, \$25 denomination. For bonds of higher denominations the minimum required is proportionately higher. This tabulation indicates a wide variation in company policies. In some instances the deductions are made weekly, while in others the savings are deducted only once a month. If the pay-periods for salaried employees are different from those of wage earners, the minimums are usually adjusted to take this factor into account. For example, if the minimum for wage earners is \$.75 for a semi-monthly pay period, the minimum for salaried employees paid monthly would

<sup>1</sup>Digest of one section of a comprehensive study on employee thrift plans soon to be published as a *Conference Board Report* in the series, "Studies in Personnel Policy."



be \$1.50 per month. If more than one bond is being purchased at one time, or if a bond of higher denomination is purchased, the minimum required is usually in multiples of that specified for \$25 denomination bonds.

TABLE 1: MINIMUM PERIODIC SAVINGS PERMITTED UNDER PAYROLL ALLOTMENT PLANS<sup>1</sup>

Minimum Savings Permitted	Companies	
	Number	Per Cent
\$.25 per week.....	6	10.3
.50 per week.....	11	19.0
.50 semi-monthly.....	1	1.7
.75 per week.....	9	15.5
.75 semi-monthly.....	1	1.7
1.00 per week.....	4	6.9
1.00 semi-monthly.....	8	13.8
1.00 per month.....	4	6.9
1.00 per pay period.....	3	5.2
1.25 per month.....	2	3.4
2.00 per month.....	3	5.2
Miscellaneous.....	3	5.2
No minimum.....	3	5.2
	58	100.0

<sup>1</sup>For the purchase of a Series E Savings Bond, \$25 maturity value

All money accumulated for the purchase of bonds is held in a separate account by the company. No interest is paid on the funds so held, and for this reason employees are urged to specify bonds of a denomination which can be paid for in the shortest time.

#### *Changes in Payroll Deductions*

Payroll deductions continue indefinitely, and are not discontinued when a single bond has been purchased. The employee may, however, increase or decrease his savings by executing another authorization, and forwarding it to the proper department within a specified time, from one to two weeks, prior to the close of the payroll period in which the change is to be made.

If the deductions cannot be made in full because the pay due is insufficient, the savings installment is suspended until the next pay period.

A number of companies have made the provision that if an employee cancels his payroll deduction he may not reenter the plan for a specified period, as for example three months, but this restriction has not been widely adopted.

If the employee's services are terminated, the payroll authorization is automatically canceled, and any amount to his credit in the fund is returned to him, unless he directs otherwise. In case of death, any savings of the deceased in the fund are refunded.

#### *Purchase and Delivery of Bonds*

As soon as sufficient money has accumulated to the credit of an employee to buy a bond of the denomination requested, a check is sent to a Federal Reserve Bank or other issuing agent. The company usually makes up the

list monthly, sending a check for all the bonds to be purchased during that period, together with information on the purchasing, registering and delivery of the bonds.

The United States Treasury has authorized corporations to act as issuing agents of defense bonds in sales to their employees. The American Telephone and Telegraph Company was among the first to make these arrangements.

The bonds may be delivered either directly or by mail. At the time of purchase, the company notifies the employee, who is requested to notify the proper official if the bond is not delivered within two weeks, in order that a check-up may be made.

#### *Responsibility*

The company assumes no responsibility for the bonds after they have been purchased and delivered to the employee. All matters relating to the bonds after their receipt in a form acceptable to the employee are handled directly by the owner with the government.

Upon request, the company will advise the employee of the amounts to his credit in the account, but periodic statements showing amounts deducted and amounts to the credit of the individual in the fund are not issued to employees.

#### PROMOTING THE SALE OF SAVINGS BONDS

Until war was declared, little effort was made by companies to promote the sale of Defense Savings Bonds to employees. It was believed that the company had performed its patriotic duty by offering the convenience of payroll deduction facilities, which were provided at considerable expense. The United States Treasury as well held that high-pressure methods should not be employed to secure a large percentage of employee participation, but on January 15 it was announced that the Treasury was preparing a more intensive campaign to secure wider participation among wage earners under payroll deduction plans.<sup>1</sup>

In its survey of payroll deduction plans for the purchase of United States Savings Bonds, made in December, 1941, THE CONFERENCE BOARD inquired of co-operating companies what steps had been taken to promote employee participation in the plan. From their replies it was discovered that the most common methods used were the distribution of descriptive literature and application blanks, sending personal letters to employees signed by the president or some other top executive, the use of bulletin boards, and articles in the employee magazine.

Some companies have conducted intensive campaigns, creating department committees to solicit employees individually and stimulating competition by showing the percentage of participation by departments. One

<sup>1</sup>New York Herald Tribune, January 16, 1942



company conducted a contest for the best essay on "Why We Should Buy United States Defense Bonds," offering a \$25 Bond as a prize. Several companies have provided a specialist to answer employees' questions regarding the purchase of bonds.

Only one company replying in the present investigation offered a monetary incentive to employees either

to buy or hold their government bonds. The General Time Instruments Corporation is paying 10% of the cost of the bonds remaining in the custody of the company to maturity. If the bonds are withdrawn before maturity it pays 1% for each full year in custody.

F. BEATRICE BROWER  
Management Research Division

## Automatic Cost of Living Adjustments—January, 1942

SINCE THE CONFERENCE BOARD published its analysis of automatic cost of living wage adjustment plans in December,<sup>1</sup> a number of recently adopted plans of this character have been received. In order that the Board's Associates may be kept informed of new developments in this method of wage adjustment, a digest of these new plans is given below:

*Rubber company.* Employment—500; union agreement.

Changes in job base rates made at quarterly intervals beginning February 1, 1942. No decrease to be made in job base rates during contract. For each 2.4 point change in BLS index for the city, two cents per hour change in base rates to a maximum of ten cents per hour. If the index for the months of December, 1941, or March, 1942, should exceed 126, the subject of wages shall be opened for negotiation.

*Paper company.* Employment—400; union agreement.

Adjustment of four cents per hour for each 6-point change in BLS index for the city. Provision made to freeze cost of living adjustment entirely or in part in the event that the prices of the company's products are frozen by government order.

*Insurance company.* Employment—1,500.

Adjustment made only at three-months' intervals and only if NICB index for the city has changed 3 points; bonus of 1% of salary is given for each point increase to a maximum of 29%, inclusive of 5% bonus. This increase to apply only on the first \$1,680 annual earnings. For salaries in excess of \$1,680, the same number of dollars, \$16.80, will be paid for each point increase, and thus the percentage of salary given as a bonus decreases automatically as the salary increases. The maximum dollar bonus payable for employees earning \$1,680 and over is \$487 (29% of \$1,680).

*Similar union agreements in a midwestern city.*

For each 5-point change in BLS index, a like percentage change in basic hourly wage rates one month from date index figures available.

*Printing company.* Employment—250.

Adjustment made quarterly. For each point change in BLS index for the city, 1% change in earnings. Those on flat salary basis to receive added percentage on first \$40 weekly earnings only.

<sup>1</sup>THE CONFERENCE BOARD, "Cost of Living Adjustments—Supplementary Report." *The Conference Board Management Record*, December, 1941, p. 154.

### Newspapers.

For employees receiving up to \$25 per week, 1% increase for each 1% increase in cost of living index of Division on the Necessaries of Life (Massachusetts). For employees earning more than \$25 per week, 25 cents weekly for each 1% increase in index. Minimum bonus, \$1.00 week. When rise in index reaches 10%, subject reopened.

*Public utility company.* Employment—2,200; union agreement

For each full point increase in NICB index for city, 1% increase in first \$100 monthly earnings, including bonus under gain-sharing plans and commissions. Adjustments made monthly.

*Airplane manufacturer.* Union agreement.

If on June 15, 1942, the BLS index for the area has increased by as much as 5%, company to increase wages, effective as of June 15, 1942, by same percentage as index reported on that date.

\* \* \*

These new plans are somewhat different from the earlier cost of living bonus arrangements received, in that they restrict in some manner the amount of supplemental compensation that may be given under these adjustments. Under some plans, all employees regardless of their earnings receive a flat increase for each specified rise in the index, as, for example, four cents increase for each 6-point rise in the index. Under other plans, the adjustment is applied only on income up to a specified amount, as, for illustration, \$25 per week. As a result of these restrictions the percentage of increase in compensation owing to rises in the cost of living is automatically reduced for employees in the upper-income brackets. These "hedging" provisions contained in recent plans are quite different from the earlier arrangements, which usually provided that for each specified rise in living costs the wages would be automatically adjusted by a like percentage.

While this sample is probably too small to represent a definite trend, it is significant that all but one of these plans have in some manner restricted the application of the cost of living bonus.

F. BEATRICE BROWER  
Management Research Division



## The Cost of Living vs. Food Prices

THE PRICES of many food items have been rising rapidly. The impact of food prices on family expenditures is constant and clearly noticeable; so much so that relatively small increases in some other living costs are obscured. On a very wide scale people have convinced themselves that the rise in food prices measures the rise in the cost of living. This point of view is honestly and effectively presented in a letter received by THE CONFERENCE BOARD from a wage earner who had read the article "What is the Cost of Living?" originally published in the November *Management Record*, and later reprinted in pamphlet form. This letter is reproduced below because it probably represents a very general conviction.

Norristown, Pa.  
January 31, 1942

National Industrial Conference Board Inc.  
Gentlemen:

I have read the book you published called "What is the cost of living?" After reading this very carefully I would like to ask you, if you thought you were kidding anyone. To get an education and juggle figures is quite an art, but when it comes to paying good hard earned money for something to eat, and to my way of thinking that is living, then the men on the street can tell you a few things about what it cost to live.

Now lets be honest about the whole thing, don't take a lot of items that don't amount to anything and mix them up with the items that one has to almost "hock" his shirt, to buy enough to live on.

I will admit that if you take rents, clothing, sundries, coal, Elect. and a lot of other things that are like the "Stock Market" don't move these days, and add them to the price of food which is always on the move, (up) then you get a low percentage.

But listen Brother when you go to the store with a pocket full of money to buy something to live on, and come back broke with a bag of eats that will only last until next week, then try and figure some percentage. I think you might find something there to use for an index number.

Here is an example you might start with. Last Sat. I was in a store, a Woman was getting an order, this is what I heard, No darn you, I used to get an order sheet and a half for five dollars, a couple of months ago, now you don't have one sheet full and it is eight dollars already.

A lot of men have read this book and about the only thing it done was make them angry. Now if the things were printed, as the man who works mighty hard to get, and that is not pushing a pencil, I think it would help the moral of the working man very much.

Of course you done the best you could with your statistics, but they won't buy "Oats."

Respt.  
(Signed) \_\_\_\_\_

Dear Mr. \_\_\_\_\_:

Your interesting letter of January 31st about our pamphlet "What is the Cost of Living?" was referred to me because I'm the guy who wrote it. I have read your letter several times very carefully because it is clearly a sincere statement of just how you feel. I am very sorry if you think that I was trying to kid you or anyone else. I wasn't. I was trying to answer the questions a lot of people are asking about how cost of living figures are compiled.

Forget for a minute about the cost of living and imagine any subject about which you wanted information. Suppose two separate investigations of the subject were made—one by a government department and one by a private research organization, each using the methods it believed were the most accurate. If, after the two investigations were completed by trained research staffs working independently of each other, both investigations showed practically the same result, wouldn't you be inclined to believe that the results were not far from the truth?

That is the situation with regard to changes in living costs. Neither the United States Department of Labor nor The Conference Board selects the items to be priced or the quantities to be used. They merely follow what budget studies show about how people spend their incomes. They then price the items that these budget studies show that people buy. I am enclosing a copy of a pamphlet ("The Cost of Living"), which shows, on pages 21 to 25, exactly the items that are priced in our cost of living study. We have no interest in making the increase in living costs appear less than it really is. All we try to do is to get the most accurate information possible and show the whole picture.

Because if you are talking about the cost of living you have got to show the whole picture, not just food prices. A man has got to have lodging and buy fuel and light and clothes, just as much as he has got to buy food. So if you are going to talk about the cost of living you have got to take into account all the items that make up the cost of living. And, as you say, prices of these other things have not risen the way food prices have.

But even food prices haven't increased as much as people often think. It is just human nature to be struck by big increases in certain items and to take it for granted that prices of all items have gone up in proportion. In many cases they have not, but nobody stops to think about them because their attention is focused on the big increases. Also, you must remember that the article to which you refer was written last October, and prices of some items have increased considerably since then. In the case of Philadelphia, for example, our study indicates that in December food prices were 23.8% higher than in December, 1940, and the cost of living as a whole was 11.6% higher.

Thanks a lot for writing us frankly about how this cost of living business looks to you. This matter of rising food prices is no joke in any man's language. We're not trying to soft-pedal these increases, nor are we trying to do anything but record as accurately as we can the changes that are taking place. I probably haven't convinced you that our figures are right, and if I weren't so familiar with them and the way they are obtained I probably wouldn't think so either.

HFB:DD  
Enclosure.

Sincerely yours,  
H. F. Browne



Wage-Increase Announcements<sup>1</sup>, January 1 to January 31

Source: Daily Press and Various Periodicals

Company	Location	Amount of Increase	Number Affected	Remarks
Baldwin Locomotive Company.....	Philadelphia, Pa.	5¢/hr.	6,600	New wage minimum is 72½¢/hr.
Bessemer Limestone and Cement Company.....	Youngstown, O.	12¢/hr.	300	
Board of Education.....	Toledo, O.	10%	....	To school teachers and other school workers
Carborundum Company.....	Niagara Falls, N. Y.	7¢/hr.	3,500	To men
		5¢/hr.		To women
Chicago Mail Order Company.....	Chicago, Ill.	5%	1,100	
Credit Clearing House.....	New York, N. Y.	\$7.50/mo.	150	To employees having at least 2 years service
		\$1/wk.		To employees having less than 2 years service
Curtiss-Wright Corporation—Airplane Division.	Port Columbus, O.	5¢ to 9¢/hr.	3,200	To hourly paid workers
Eastern States Milling Corporation.....	Buffalo, N. Y.	5¢/hr.	300	
Stanley G. Flagg Company.....	Pottstown, Pa.	5¢ to 10¢/hr.	900	
Hat Corporation of America.....	Norwalk, Conn.	7½%	2,200	
Langenau Manufacturing Company.....	Cleveland, O.	5¢/hr.	97	
Mack Manufacturing Company.....	New Brunswick, N. J.	12¢/hr.	2,400	Retroactive to December 28
Marathon Rubber Products Company.....	Wausau, Wis.	10%	500	To men on day shift
		2½%		To women pieceworkers
New York Stock Exchange.....	New York, N. Y.	5%	....	To employees earning \$1,800/yr. and under
				Those earning up to \$4,500 receive increases as follows: 5% of the first \$1,800 annual salary, 3% of the succeeding \$1,200
Ohio Bell Telephone Company.....	Columbus, O.	5¢ to 7½¢/hr.	1,400	To plant employees in southwestern Ohio, including Columbus
Pickwick Hosiery Mills, Inc. ....	Corinth, Miss.	10%	350	
Royal Typewriter Company.....	Hartford, Conn.	5¢/hr.	5,500	
Russell, Burdall & Ward Bolt & Nut Company.	Port Chester, N. Y.	5¢/hr.	750	To shop and office workers on hourly pay basis
San Francisco Hotel Owners Association.....	San Francisco, Cal.	21%	1,500	
Skenandoa Rayon Corporation.....	Utica, N. Y.	4¢/hr.	....	
Southwestern Bell Telephone Company.....	Mo., Kan., Ark., Okla., Tex. and small part of Ill.	\$3/wk.	5,000	To craftsmen, such as telephone installers and repairmen
				Other plant employees received increases of varying amounts
Springfield Arsenal.....	Springfield, Mass.	\$3.50/wk. avg.	2,800	Top wage rates under new scale: Foreman, \$14.48/day; assistant foreman, \$11.60/day; gang boss, \$10/day; gage checkers and modelmakers, \$10.16/day; die sinkers and toolmakers, \$9.44/day
Van Camp Sea Food Company.....	San Diego, Cal.	10¢/hr.	800	
Veeder-Root Company.....	New Britain, Conn.	5%	400	To hourly workers
		10%		To pieceworkers
Warner & Swasey Company.....	Cleveland, O.	8¢/hr.	3,400	To production workers
				Supplements previous increases totaling 18¢/hr. granted since Jan. 1, 1941
S. D. Warren Pulp & Paper Company.....	Gardiner, and Westbrook, Me.	5¢/hr.	2,350	
Wolverine Tube Company.....	Detroit, Mich.	6¢/hr.	1,000	
Yale University.....	New Haven, Conn.	\$8.10/wk.		To night watchmen
		\$5 to \$7/wk.		To powerhouse men
		\$5.20/wk.	675	To full-time maids
		\$3/wk.		To janitors
		5¢ to 15¢/hr.		To mechanical maintenance men
				New rates include the following: Night watchmen, \$35.10/wk; janitors, \$29/wk.; full-time maids, \$22.00/wk.
Zenith Plastics, Inc. ....	Cleveland, O.	5¢/hr.	40	
24 Clothing Manufacturers.....	Portland, Ore.	12½¢/hr.	.....	To bushelmen
		5¢/hr.		To finishers and helpers
				New rates: Bushelmen, \$1.00/hr.; finishers, and helpers, 72½¢/hr.; fitters, \$1.02½/yr.
Dairies.....	Detroit, Mich.	6¼¢/hr.	2,800	
13 Dairies.....	Hazleton, Pa.	\$3/wk.	125	To milk and ice cream drivers
3 Milling Companies.....	Buffalo, N. Y.	5¢/hr.	365	New basic wage is 80¢/hr.
				Affects Black Rock Milling Corp., Maritime Milling Co., Inc. and the Pratt Food Co.
800 Trucking Companies (Long distance).....	12 Midwest states	10¢/hr.	50,000	To drivers on hourly basis
		0.4¢/mile		To drivers on mileage basis
				Earnings of drivers on new rates will average about \$50 to \$55/wk.

<sup>1</sup>Includes salary-increase announcements



## Personnel Practices

### Planning for Stability

A union contract recently negotiated provides for a Scheduling and Planning Committee composed of one member from sales management, one member from factory management, and one member to be selected by the union.

The purpose of this committee is to plan the scheduling of merchandise through the factory so as to stabilize employment throughout the year. No guarantees are given but the Committee has pledged its efforts to reduce the peaks and valleys of employment as far as is consistent with sound business practices.

### Suggestions at Salesmen's "Squawk" Session

Twenty-five salesmen of the Manning-Bowman Company, Meriden, Connecticut, were recently given an opportunity to register squawks, criticisms and suggestions in person at a sales conference attended by the president, vice-president in charge of sales and three district managers. The theme of the meeting was, "If I Were Running This Business." The Chairman of the meeting was one of the salesmen.

One of the results of the meeting was adoption of an instruction label to replace the 24- to 48-page direction booklets that were formerly attached to household appliances. The new method involves a considerable saving of money to the company and a saving in reading time for the customer.

Another recommendation that was adopted was one relating to the creation of a de luxe percolator of a style that would fit in with smart entertaining.

One man suggested a reduction in the number of form letters sent by the home office to salesmen. It was claimed that they were too numerous and too wordy.

The company considered that this so-called "squawk" session was to the mutual advantage of management and salesmen. It proved that the company gained something by letting the salesmen talk instead of listen.

### Group Life Insurance at Peak

Group life insurance in the United States has increased about \$2,700 million in a year and the aggregate amount in force on the lives of employees was at a peak of \$17,700 million in September, 1941. The recent sharp gains are in part due to the rises in both employment and wages.

### Profit-Sharing and Retirement Plan

The Rochester Lead Works, Inc., of Rochester, N. Y., recently announced a new profit-sharing and retirement plan. The individual employee's share of the profits depends upon the hours worked, his base pay

and the premium earned by him. A percentage of the net earnings before federal taxes is set aside for all employees, to be distributed every six months as follows:

A. Thirty per cent of the amount set aside from net earnings is allocated to employees on the basis of number of hours worked. The hours worked by each employee during six months as compared to the total hours of all employees for the same period determine the individual's share of this portion of the profits which is deposited in a trust fund and invested in defense savings bonds under the employees' names. These funds are to be used to provide retirement income at age sixty-five.

B. Fifty per cent of the amount set aside from the net earnings is allocated to individuals in the ratio of each employee's base pay to the total base pay during the period covered. This amount is distributed semi-annually in cash.

C. Twenty per cent of the employees' share of the profits is distributed in ratio to the premium earned by each individual to the total premium earned by all employees for a six-months' period. This part of the profits is also paid in cash every six months.

In the event of discharge, the individual receives his share of the retirement fund immediately, together with accrued interest. If the employee resigns prior to retirement age, his share of the retirement fund is held for two years and is then paid to him in full, together with interest to date. This serves as a brake on any tendency to resign in order to collect the retirement fund.

By making each employee's share of the profits dependent upon his own efforts, it is hoped that he will be more interested in the organization. So far the plan has resulted in better quality work, lower scrap loss, and improved morale throughout the entire organization.

### Free Lunches Under a Union Contract

The Noma Electric Company signed a closed-shop contract with the International Brotherhood of Electrical Workers (AFL) under which the company will provide free lunches for its employees. A committee meets each day with the management to plan the menus. To keep down expenses, the workers have agreed to designate certain members to wash and dry the dishes. The clean-up crew will be changed periodically.



## The Conference Board Management Record



FEBRUARY, 1942

### FACT AND COMMENT

#### A Modified Union Shop

The most intense controversy in recent months between industrial management and organized labor has centered around the issue of union membership as a condition of employment—whether it be called closed shop, union shop, membership maintenance, or union security. With wage rates and earnings at record high levels, and working conditions generally good, differences in this field have usually not been serious. Collective bargaining or conciliation has, for the most part, developed acceptable solutions. But the union shop question has been quite another matter.

No acceptable solution of this issue has been found or is in sight. Speaking in general terms, organized labor leaders have regarded the defense production emergency as a heaven-sent opportunity to press their demands for the union shop to a final and successful conclusion. Industrial management has insisted that this is not a matter that affects the economic welfare or working conditions of employees and hence requires immediate settlement. Rather, the issue involves union power and strength, and in a way that affects fundamental employment relationships. And management believes that it should not be maneuvered at this time into the appearance of wilfully delaying defense production because of unwillingness to grant the union shop.

One important objection to the union shop principle has been that through management compul-

sion it commits employees to membership in an organization from which they cannot in the future withdraw, no matter how much they may wish to do so, without forfeiting their jobs. It makes the right to work dependent on union sufferance. As has been proved in certain notorious cases, such a situation opens the way to abuses of their power by those union officials who are unscrupulous. It relieves the union of all need to continue to deserve the confidence and approval of its members, since these members have no choice but to continue as members if they wish to work and earn.

Much objection to the union shop might be removed if periodically, or at will, members had an opportunity to reconsider the closed-shop provision. In effect, continuation of the union shop or the tenure in office of the leadership would be subject to a vote of confidence, as is the case in parliamentary government, and there could not develop the entrenched and uncontrolled power over the lives and destinies of members that is now not only the possible but too often the actual result of the closed shop. In this connection a provision in a union contract recently examined is significant and suggests possibilities.

(a) Employees who are now members or who may become members of the Union shall remain members for the term of this agreement, with the privilege of resigning on sixty (60) days' notice in writing to the Union, without the loss of employment, or other privileges. Any question arising concerning the good standing of a member of the Union may be discussed between the management and Union.

(b) Those employees who are newly engaged are to join the Union after their probationary period of employment of three (3) months' continuous service, and upon so joining shall have all the rights and privileges of other Union members. Such newly engaged employees may at their option join the Union during the probationary period, but seniority rights shall not be acquired until after the expiration of such period. The Union agrees to accept such employees as members without any discrimination against them and upon the same terms as other members.

(c) Those present employees who are not now members of the Union shall not be required to join the union unless they so desire . . .

This seems to mean simply that all except present employees who have elected not to join the union and are exempted must become union members and learn at first hand what the union has to



offer them, what they can contribute to it, and how they can benefit from membership. The union has full opportunity to demonstrate to them its value as an agency for united employee action and to show them its conception of their responsibility to support the union. If, however, after such a period of trial, any employees wish to withdraw from the union they are free to do so without loss of their jobs or standing with the company.

This places labor unions on a par with other associations in which men unite because of common interests and objectives, but from which individuals may withdraw without being so penalized that withdrawal becomes practically impossible. It makes it necessary that the labor union, like any other organization, merit the loyalty and support of its members by its conduct and accomplishments. It leaves to the individual worker the choice of membership or non-membership in a labor organization.

#### The 40-Hour Week

The purpose of the Walsh-Healey Act and the Fair Labor Standards Act in establishing forty hours as the length of the standard work week was presumably to create a schedule that would constitute a fair week's work under normal operating conditions. If an employer wanted his employees to work more than forty hours he should be penalized by being required to pay for such work a rate of time-and-a-half. Since during the depression most industries had become accustomed to working much less than forty hours a week, the adjustment to a 40-hour week under peacetime operation was accomplished without serious difficulties.

When the program of production for national defense was undertaken in the latter part of 1940, emphasis was on increasing output with the greatest possible speed. Because of a serious shortage of skilled labor, this required that while new skilled men were being trained the existing supply must be used to the best advantage. This meant working many employees considerably more than forty hours a week. Suggestions that under such condi-

tions the 40-hour limit be suspended during the emergency and that the work week be extended to perhaps forty-eight hours before punitive overtime rates became operative were sternly disapproved in Washington. Labor should not be deprived of its hard-won advantages even by a critical emergency.

What has transpired since has made it clear that the 40-hour week restriction must be regarded not as a means of limiting the hours per week that an employee should work, but as a device for increasing his compensation. No attempt has been made to induce employers to hold working hours to forty a week. On the contrary, in the cause of greater production almost any increase over forty hours has been viewed with approval so long as time-and-a-half is paid for hours worked in excess of forty a week. Workers themselves have scorned jobs that offered no overtime work and have been attracted to plants that promised unlimited overtime. When sufficient skilled labor has become available to make possible the establishment of 40-hour shifts, labor has flatly declined to return to a 40-hour earning level. An employer in the middle west remarks: "We have noticed that applicants for jobs have asked for hourly rates considerably less than we have been paying, but have invariably indicated that they were not interested unless they would be assured fifty to sixty hours' work per week."

What, then, has become of the 40-hour week principle? Does it seem rational when wage rates are already so high that war costs should be swollen by overtime rates for all work over forty hours a week when this work is for national defense and at the order of federal authorities? Is it consistent to bemoan the effect of excessive earnings on probable inflation while insisting on the arbitrary limitation of straight-time working hours that makes the excessive earnings inevitable? It is not likely to receive much serious consideration, but Senator Reed of Kansas has introduced a bill to increase the normal work week from forty to forty-eight hours.



## Monthly Review of Labor Statistics December, 1941-January, 1942

**THE FIRST** statistics covering employment after the entry of the United States into the war show that employment in manufacturing industries decreased somewhat between November and December. Increased employment in key defense industries was evidently somewhat more than offset by declines in non-defense industries.

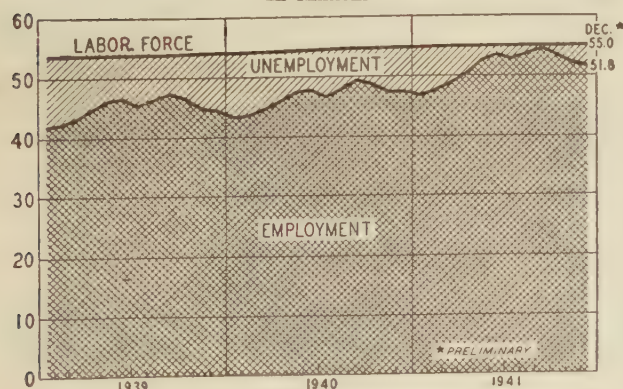
The automobile industry showed a sharp drop in employment, pending the conversion of the industry from the manufacture of passenger and commercial vehicles to output of war materials. In the twenty-five manufacturing industries regularly surveyed by THE CONFERENCE BOARD, employment decreased in ten, showed little or no increase in six, and advanced in nine. Four of the nine industries showing increased employment were in the foundries and machine shops group.

### EMPLOYMENT AND UNEMPLOYMENT

Industrial employment as a whole was well maintained in December. Increases in trade and distribution, because of the holiday season, offset declines in manufacturing, construction and transportation. The service industries (including the armed forces) likewise showed expanded employment.

### EMPLOYMENT AND UNEMPLOYMENT

Source: THE CONFERENCE BOARD  
In Millions



Despite these gains, seasonal decreases in agricultural employment were responsible for an increase in total unemployment for the third consecutive month. Although it reached the highest level since April, 1941, comparisons with previous years were most favorable. The December, 1941, unemployment total of 3.2 mil-

lion compared with 7.3 million in December, 1940, and with 9.6 million in the corresponding month of 1939.

### WAGES AND HOURS IN MANUFACTURING

Average hourly earnings of the workers in twenty-five manufacturing industries rose 0.9% between November and December, reaching \$.868. In view of a fractional increase in hours worked, the result was a new peak in weekly earnings. Average weekly earnings in December stood at \$36.08, and were 1% higher than in the previous month, 19.2% greater than in December, 1940, and 30.4% above May, 1940, earnings.

Since living costs rose only 0.3% between November and December, "real" weekly earnings rose 0.6%. The advance in "real" earnings of the worker in manufacturing industry in this country since the outbreak of the war in Europe has been sharp. The December level was exceeded only in October, 1941, and then by only a small amount.

### Wage-Rate Increases

Although longer hours have resulted in overtime work and hence have contributed materially to the increase in weekly earnings, wage-rate increases have also been an important factor. The following table shows that the average size of such increases was well maintained

### WAGE-RATE INCREASES AND WORKERS AFFECTED

Date	All Manufacturing <sup>1</sup>		25 Manufacturing Industries <sup>2</sup>	
	Wage Earners Affected	Wage-Rate Increase	Wage Earners Affected	Wage-Rate Increase
1940				
July.....	...	...	1.6%	2.6%
August.....	0.5%	6.6%	0.8	4.2
September.....	0.6	6.7	0.8	3.8
October.....	0.6	7.0	1.0	4.0
November.....	1.4	5.5	3.7	4.5
December.....	1.1	6.3	7.1	2.8
1941				
January.....	3.0	4.9	2.1	5.8
February.....	1.1	6.1	1.7	5.1
March.....	1.6	6.7	2.1	6.8
April.....	11.7	9.6	10.3	8.0
May.....	10.1	8.9	11.2	8.4
June.....	10.2	9.1	12.8	7.9
July.....	6.6	8.5	8.0	7.8
August.....	3.8	7.3	5.9	6.1
September.....	5.5	9.0	7.2	7.1
October.....	n.a.	8.7	4.1	7.0
November.....	n.a.	8.0	4.3	6.4
December.....	n.a.	n.a.	3.5	6.8

<sup>1</sup>United States Bureau of Labor Statistics  
<sup>2</sup>THE CONFERENCE BOARD

n.a. Not available  
r Revised



throughout 1941. According to THE CONFERENCE BOARD surveys, the peak in the number of wage earners affected was reached in June. Since that date there has been a general decline.

Between November and December, the largest increases in rates were made in the "Cotton—North," and hardware and small parts industries, but these increases affected relatively few workers. Other sizable increases, exceeding 9% on the average, were granted to workers in the machine and machine tool, foundries, heavy equipment, and meat packing industries. In the foundries and meat packing industries, however, they affected relatively few workers.

#### *Wages and Hours in New York Area*

The latest available data from THE CONFERENCE BOARD's surveys of wages, hours, employment and payrolls in eighteen manufacturing industries in the New York metropolitan area are presented in a special article in the first part of this issue of *The Management Record*.

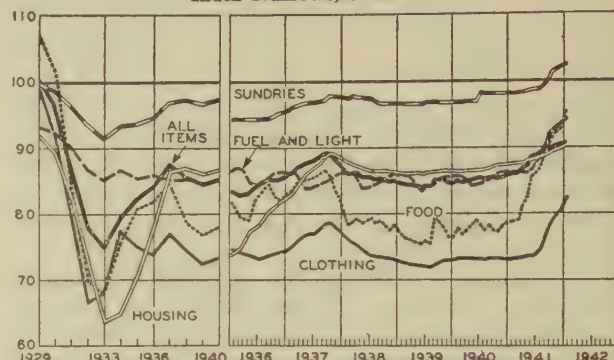
These data show that in December, 1941, the average worker earned 34.7% more than he did in May, 1940. Since 1928, his weekly earnings have risen 21.1% and, after adjustment for changes in living costs, the increase has amounted to 31.9%.

#### THE COST OF LIVING

The upward surge in living costs was resumed in January, when the advance over the December level amounted to 1.4%. The month-to-month increases had

been shrinking steadily from August to December, the figures being 1.6%, 1.3%, 1.0% and 0.3%.

COST OF LIVING IN THE UNITED STATES  
Index Numbers, 1923 = 100



#### *December-to-January Changes*

The largest December-to-January rise occurred in clothing prices, which rose 2.9%. Food prices rose 2.8%. Sundries rose 0.3%, largely because of higher prices for housefurnishings, and rents and coal prices advanced fractionally.

The following table shows the December-to-January changes in the cost of living in each of sixty-seven cities, arranged in accordance with their magnitude.

ROBERT A. SAYRE  
*Division of Industrial Economics*

#### PERCENTAGE CHANGES IN THE COST OF LIVING IN 67 CITIES DECEMBER, 1941 TO JANUARY, 1942

Source: THE CONFERENCE BOARD

City	Percentage Change	City	Percentage Change	City	Percentage Change	City	Percentage Change
Baltimore.....	+2.6	Manchester, N. H. ....	+1.7	Detroit.....	+1.4	Trenton, N. J. ....	+1.2
Sacramento.....	+2.5	Youngstown.....	+1.7	Houston.....	+1.4	Duluth.....	+1.1
San Francisco.....	+2.5	Boston.....	+1.6	Minneapolis.....	+1.4	Front Royal, Va. ....	+1.1
Wilmington, Del. ....	+2.5	Fall River.....	+1.6	Pittsburgh.....	+1.4	Indianapolis.....	+1.1
New Haven.....	+2.2	Lynn.....	+1.6	Richmond.....	+1.4	New York.....	+1.1
Des Moines.....	+2.1	Saginaw, Mich.....	+1.6	Rochester.....	+1.4	Birmingham.....	+1.0
Flint, Mich.....	+2.1	Syracuse.....	+1.6	Wausau, Wis.....	+1.4	Roanoke, Va.....	+1.0
Philadelphia.....	+2.1	Evansville, Ind.....	+1.5	Akron.....	+1.3	Toledo.....	+1.0
Portland, Ore.....	+2.1	Joliet, Ill.....	+1.5	Chattanooga.....	+1.3	Muskegon.....	+0.9
Seattle.....	+2.1	Los Angeles.....	+1.5	Cleveland.....	+1.3	Chicago.....	+0.9
Bridgeport.....	+2.0	Louisville.....	+1.5	Dallas.....	+1.3	Rockford, Ill.....	+0.9
Erie, Pa.....	+1.9	Meadville, Pa.....	+1.5	Macon.....	+1.3	St. Paul.....	+0.9
Grand Rapids.....	+1.9	Memphis.....	+1.5	Omaha.....	+1.3	Anderson, Ind.....	+0.8
Providence.....	+1.9	Oakland.....	+1.5	Kansas City, Mo.....	+1.2	Buffalo.....	+0.8
Lansing.....	+1.8	Spokane.....	+1.5	Lewistown, Pa.....	+1.2	Milwaukee.....	+0.8
New Orleans.....	+1.8	Atlanta.....	+1.4	Parkersburg, W. Va. ....	+1.2	Newark.....	+0.5
Cincinnati.....	+1.7	Denver.....	+1.4	St. Louis.....	+1.2		



## Wages, Hours, Employment and Payrolls in Manufacturing

**THE RISING TRENDS** of average hourly and weekly earnings and payrolls, which have prevailed for almost two years, were continued in December, according to the survey of twenty-five manufacturing industries conducted each month by the Division of Industrial Economics of THE CONFERENCE BOARD.

### THE YEAR 1941

The year 1941 was marked by great gains in employment and earnings for the manufacturing worker. More persons were at work in the twenty-five industries than during any other year since these surveys were initiated. The previous peaks of 1920, 1929 and 1940 were exceeded by 16.8%, 18.6% and 22.4%, respectively. These rises would have been even greater had not employment fallen off slightly during December.

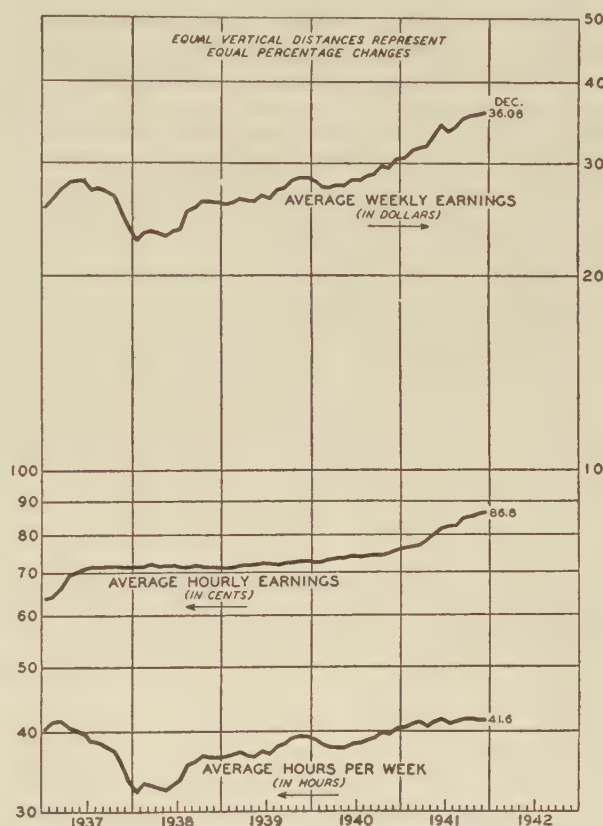
Average hourly earnings rose in each consecutive month as a result of increased wage rates, rather than because of overtime payments. The average number of hours worked in one week in December was fractionally lower than those during June and October, the same as those in September, and only a fraction of an hour more than the average during seven other months. Earnings per hour in 1941 stood at \$.814, a rise of 34.3% since 1920, 38.0% since 1929, and 10.1% since 1940.

The manufacturing wage earner averaged 41.2 hours of work per week in 1941. This average exceeded that of 1940 by 2.6 hours, or 6.7%, and was higher than the number of hours worked in any other year since 1930.

Average weekly earnings, which reflect changes in both hourly earnings and the number of hours worked per week, were \$33.62 in 1941. This was the highest average wage ever received by the industrial worker.

### EARNINGS AND HOURS IN TWENTY-FIVE MANUFACTURING INDUSTRIES

Source: THE CONFERENCE BOARD



### WAGES, HOURS, EMPLOYMENT AND PAYROLLS

All Wage Earners, 25 Manufacturing Industries

Date	Average Hourly Earnings	Average Weekly Earnings	Average Actual Hours per Week per Wage Earner	Average Nominal Hours per Week per Wage Earner	Index Numbers, 1923=100							
					Hourly Earnings		Weekly Earnings		Actual Hours per Week per Wage Earner	Employment	Total Man Hours	Payrolls
					Actual	Real	Actual	Real				
1941 January.....	\$ .759	\$30.61	40.2	40.2	140.3	163.1	115.0	133.7	81.7	109.1	89.1	125.5
February.....	.764	31.41	41.0	40.3	141.2	164.0	118.0	137.0	83.3	110.2	91.8	130.0
March.....	.769	31.80	41.2	40.3	142.1	164.7	119.5	138.5	83.7	112.4	94.1	134.3
April.....	.784	31.89	40.7	40.3	144.9	166.7	119.8	137.9	82.7	115.9	95.8	138.8
May.....	.799	33.12	41.3	40.4	147.7	169.0	124.5	142.4	83.9	118.1	99.1	147.0
June.....	.818	34.26	41.7	40.5	151.2	170.8	128.7	145.4	84.8	120.7	102.4	155.3
July.....	.822	33.70	41.0	40.5	151.9	170.9	126.6	142.4	83.3	122.3	101.9	154.8
August.....	.828	34.10	41.2	40.6	153.0	171.1	128.1	143.3	83.7	123.0	103.0	157.6
September.....	.845	35.10	41.6	40.6	156.2	172.0	131.9	145.3	84.6	125.3	106.0	165.3
October.....	.853	35.65	41.7	40.6	157.7	171.4	134.0	145.7	84.8	126.7	107.4	169.8
November.....	.860	35.74	41.5	40.6	159.0	171.2	134.3	144.6	84.3	127.4	107.4	171.1
December.....	.868	36.08	41.6	40.7	160.4	172.1	135.6	145.5	84.6	126.8	107.3	171.9
Annual Average.....	\$.814	\$33.62	41.2	40.5	150.5	169.1	126.3	141.9	83.7	119.8	100.3	151.3



It was 14.4% more than his weekly return of \$29.39 for 48.2 hours of work in 1920, 17.8% above that of \$28.55 for 48.3 hours in 1929, and 17.8% higher than the \$28.54 he received for 38.6 hours of work in 1940. His "real" weekly earnings, or the purchasing power of his weekly income, was at a new peak level despite rising living costs. As compared with "real" weekly earnings in 1920, they had risen 51.6%, and exceeded those of 1929 by 32.4%. The 1941 increase amounted to 12.8%.

New high employment levels and the longer work week were reflected in increased man hours worked. For 1941 they stood at 100.3 (1923=100), as compared with 76.9 in 1940, and 99.2 in 1929. Man hours in 1941 were 0.2% below the average for 1920, however, because of a large decline in the number of hours worked per week, which was not entirely offset by increased employment.

Payrolls, which are affected by changes in employment, hourly earnings and average hours worked, were 33.5% higher than in 1920, 39.6% higher than in

1929, and 44.1% higher than in the year 1940.

### EARNINGS BY SEX AND SKILL

Average weekly earnings of all wage earners in the twenty-five manufacturing industries were \$36.08 in December, 1941, as compared with \$30.28 in December, 1940. This increase was equal to 19.2%. Over the same period the earnings per week of female workers increased 20.4%, while those of male workers increased 19.1%. Although both the average hourly earnings and number of hours worked by female workers advanced more than those of the men, their weekly return amounted to only \$22.15 in December, as compared with \$38.75 earned by male workers in that month. However, women worked only 38.7 hours a week, in contrast with the 42.1 hours worked by the men. Their hourly earnings of \$.572 can therefore be considered their basic wage rate, while the \$.924 per hour received by male workers included overtime payments for more than two hours of work on the average. In many of the

### EARNINGS AND HOURS, ALL WAGE EARNERS, DECEMBER, 1941

Industry	Average Earnings				Average Hours per Week per Wage Earner			
	Hourly		Weekly		Actual		Nominal	
	Dec.	Nov.	Dec.	Nov.	Dec.	Nov.	Dec.	Nov.
Agricultural implement.....	\$ .943	\$ .933	\$36.91	\$38.04	39.1	40.8	40.0	40.0
Automobile <sup>1</sup> .....	1.186	1.184	41.27	46.77	34.8	39.5	40.1	40.0
Boot and shoe.....	.631	.625	24.20	23.49	38.3	37.6	40.6	40.6
Chemical.....	.917	.907	37.89	37.33	41.3	41.2	40.1	40.0
Rayon and allied products.....	.836	.831	32.69	32.68	39.1	39.3	40.0	40.0
Cotton—North.....	.613	.613	25.09	24.81	40.9	40.4	40.3	40.0
Electrical manufacturing.....	.953	.939	42.06	40.86	44.1	43.5	40.3	40.3
Furniture <sup>1</sup> .....	.796	.795	34.03	33.75	42.8	42.5	41.0	40.8 <sub>r</sub>
Hosiery and knit goods.....	.606	.596	23.09	22.37	38.1	37.5	40.0	40.0
Iron and steel <sup>1</sup> .....	.999	.989	38.26	37.29	38.3	37.7	41.1	41.1
Leather tanning and finishing.....	.760	.752	31.76	31.02	41.8	41.3	41.6	41.6
Lumber and millwork.....	.838	.833	34.27	34.35	40.9	41.2	40.6	40.5
Meat packing.....	.793	.804	31.34	31.48	39.5	39.2	40.0	40.0
Paint and varnish.....	.845	.837	34.99	34.34	41.4	41.0	40.0	40.0
Paper and pulp.....	.765	.759	33.37	33.33	43.6	43.9	40.6	40.6
Paper products.....	.707	.699 <sub>r</sub>	29.38	29.22	41.6	41.8 <sub>r</sub>	40.1	40.2
Printing—book and job.....	.854	.867	35.71	36.25	41.8	41.8	39.8	39.8
Printing—news and magazine.....	1.013	.986	40.14	38.21	39.6	38.8	39.7	39.7
Rubber.....	.968	.969	36.80	37.26	38.0	38.5	38.4	38.3
1. Rubber tires and tubes.....	1.106	1.106	39.34	41.23	35.6	37.3	37.6	37.6
2. Other rubber products.....	.814	.802	33.50	32.07	41.2	40.0	39.5	39.2
Silk and rayon.....	.607	.595	23.25	22.82	38.3	38.4	40.0	40.0
Wool.....	.749	.745	30.36	29.54	40.5	39.6	40.0	39.9
1. Woolen and worsted goods.....	.733	.730	30.02	29.44	41.0	40.3	40.0	40.0
2. Other woolen products <sup>1</sup> .....	.776	.770	30.88	29.70	39.8	38.6	40.0	39.9
Poundries and machine shops.....	.921	.903	43.60	41.62	47.3	46.1	42.0	41.9
1. Poundries.....	.896	.884	40.23	38.53	44.9	43.6	41.6	40.9
2. Machines and machine tools.....	.918	.909	46.81	45.48	51.0	50.0	43.1	43.1
3. Heavy equipment.....	.983	.955	46.83	43.84	47.7	45.9	42.6	42.5
4. Hardware and small parts.....	.845	.835	38.63	37.72	45.7	45.2	41.4	41.4
5. Other products.....	.922	.900	42.65	40.47	46.2	45.0	41.2	41.1
25 INDUSTRIES.....	\$ 868	\$ 860	\$36.08	\$35.74	41.6	41.5	40.7	40.6
Cement.....	\$ .762	\$ .769	\$30.60	\$31.18	40.2	40.5	39.6	39.6
Petroleum refining.....	1.131	1.137	41.72	41.55	36.9	36.5	36.7	36.7
27 INDUSTRIES.....	\$ 871	\$ 863	\$36.12	\$35.79	41.5	41.4	40.7	40.6

See footnotes on page 58



## EARNINGS, EMPLOYMENT, MAN HOURS, AND PAYROLLS, ALL WAGE EARNERS, DECEMBER, 1941

Index Numbers, 1923=100

INDUSTRY	Average Earnings						Employment		Total Man Hours Worked		Payrolls	
	Hourly, Actual		Weekly									
			Actual		Real							
	Dec.	Nov.	Dec.	Nov.	Dec.	Nov.	Dec.	Nov.	Dec.	Nov.	Dec.	Nov.
Agricultural implement.....	169.6	167.8	134.2	138.3	144.0	148.9	144.8	145.2	114.4	119.6	194.3	200.8
Automobile <sup>1</sup> .....	187.7	187.3	136.9	155.2	146.9	167.1	102.2	116.7	74.6	96.6	139.9	181.1
Boot and shoe.....	127.5	126.3	107.1	103.9	114.9	111.8	99.7	97.7	83.7	80.6	106.8	101.5
Chemical.....	181.2	179.2	140.8	138.7	151.1	149.3	159.9	160.2	124.1	124.0	225.1	222.2
Cotton—North.....	137.8	137.8	118.1	116.8	126.7	125.7	50.3	50.2	43.1	42.4	59.4	58.6
Electrical manufacturing.....	167.8	165.3	155.3	150.8	166.6	162.3	170.9	172.7	157.7	157.2	265.4	260.4
Furniture <sup>2</sup> .....	154.0	153.8	136.4	135.3	146.4	145.6	113.8	115.6	101.1	102.0	155.2	156.4
Hosiery and knit goods.....	158.6	156.0	130.7	126.6	140.2	136.3	106.5	105.7	87.6	85.6	139.2	133.8
Iron and steel <sup>3</sup> .....	167.6	165.9	111.8	109.0	120.0	117.3	131.9	131.7	87.6	86.0	147.5	143.6
Leather tanning and finishing.....	156.4	154.7	137.1	133.9	147.1	144.1	93.1	92.9	81.7	80.6	127.6	124.4
Lumber and millwork.....	177.2	176.1	146.3	146.7	157.0	157.9	72.1	73.0	59.6	60.7	105.5	107.1
Meat packing.....	167.7	170.0	133.1	133.7	142.8	143.9	142.1	132.2	113.0	104.3	189.1	176.8
Paint and varnish.....	158.2	156.7	131.7	129.2	141.3	139.1	150.6	150.5	125.1	123.9	198.3	194.4
Paper and pulp.....	151.8	150.6	128.0	127.8	137.3	137.6	130.1	129.9	109.5	110.0	166.5	166.0
Paper products.....	155.0	153.3	134.9	134.2	144.7	144.5	172.4	172.7	150.7	151.6	232.6	231.8
Printing—book and job.....	130.8	132.8	119.2	121.0	127.9	130.2	115.5	117.3	105.2	106.9	137.7	141.9
Printing—news and magazine.....	146.2	142.3	128.5	122.4	137.9	131.8	126.9	126.0	111.7	108.6	163.1	154.2
Rubber.....	154.6	154.8	131.3	132.9	140.9	143.1	99.3	99.3	84.2	85.3	130.4	132.0
Silk and rayon.....	122.4	120.0	101.0	99.1	108.4	106.7	78.8	79.0	64.9	65.3	79.6	78.3
Wool.....	148.3	147.5	126.7	123.2	135.9	132.6	93.9	92.8	80.1	77.4	119.0	114.3
Foundries and machine shops.....	160.7	157.6	153.7	146.7	164.9	157.9	179.0	177.4	170.8	164.8	275.1	260.2
1. Foundries.....	151.9	149.8	135.9	130.1	145.8	140.0	128.8	127.3	115.1	110.6	175.0	165.6
2. Machines and machine tools.....	167.2	165.6	171.5	166.6	184.0	179.3	210.3	205.5	215.3	206.3	360.7	342.4
3. Heavy equipment.....	146.7	142.5	141.8	132.8	152.1	142.9	140.2	136.6	135.7	127.2	198.8	181.4
4. Hardware and small parts.....	165.0	163.1	155.7	152.0	167.1	163.6	192.2	191.9	181.1	178.9	299.3	291.7
5. Other products.....	164.6	160.7	156.1	148.1	167.5	159.4	200.6	202.8	190.0	187.0	313.1	300.3
25 INDUSTRIES.....	160.4	159.0	135.6	134.3	145.5	144.6	126.8	127.4	107.3	107.4	171.9	171.1

NOTE: No basic 1923 data are available, hence no indexes are given for the following: rayon and allied products, rubber tires and tubes, other rubber products, woolen and worsted goods, other woolen products, cement, petroleum refining, and "27 Industries." See footnotes on page 58

industries women are engaged only in the less skilled occupations, and their hourly earnings compare more favorably with the \$.730 per hour earned by common and unskilled male workers in the same month for 41.4 hours of work per week.

Between December, 1940, and December, 1941, average weekly earnings of semi-skilled and skilled male workers rose from \$34.35 to \$41.10, or 19.7%. Over the same period weekly earnings of common and unskilled male workers advanced only 18.4%, because of the lesser rise in the number of hours worked. Their hourly earnings had advanced more than those of the skilled workers. The shortage of skilled labor is reflected in the 42.4 hours worked in one week by skilled workers, as compared with an average week of 41.4 hours worked by the unskilled group.

## WAGE DATA IN THE SHIPBUILDING INDUSTRY

Increased shipbuilding activity in December was reflected by a large increase in employment, and by a longer work week. Although average hourly earnings advanced only fractionally above the November level, the increase of 3.3 hours in the length of the work week served to raise average weekly earnings from \$46.15 in

November to \$49.94 in the month of December.

The average hourly earnings of unskilled shipbuilding workers declined from \$.829 in November to \$.828 in December. Despite this slight reduction, an increase of 2.8 hours in working time resulted in a weekly return of \$36.51 in December, as compared with \$34.24 received in November.

Advances in both hourly earnings and the work week contributed to the rise in the weekly earnings of semi-skilled and skilled workers. Hourly earnings rose

	December, 1941	November, 1941
All Male Wage Earners		
Hourly earnings.....	\$ 1.079	\$ 1.073
Weekly earnings.....	\$49.94	\$46.15
Actual hours <sup>1</sup> .....	46.3	43.0
Nominal hours <sup>1</sup> .....	47.1	47.0
Unskilled		
Hourly earnings.....	\$ .828	\$ .829
Weekly earnings.....	\$36.51	\$34.24
Actual hours <sup>1</sup> .....	44.1	41.3
Semi-Skilled and Skilled		
Hourly earnings.....	\$ 1.150	\$ 1.138
Weekly earnings.....	\$53.94	\$49.50
Actual hours <sup>1</sup> .....	46.9	43.5

<sup>1</sup>Per week per wage earner

Source: THE CONFERENCE BOARD



from \$1.138 in November to \$1.150 in December. Workers received \$53.94 for 46.9 hours of work in December, or 9.0% more than \$49.50 weekly return for 43.5 hours of work during November.

### LABOR STATISTICS IN DECEMBER

Labor statistics generally presented a brighter picture in December, despite the effects of greatly reduced production in the automobile and agricultural implement industries. Activity also declined, though less sharply, in lumber and mill work, book and job printing, and rubber production. Slight declines occurred in furniture, silk, paper products and paper and pulp industries.

*Hourly Earnings* averaged \$.868 in December. They were 0.9% higher than in November, 15.1% higher than in December, 1940, and 17.8% above the May, 1940, level. Since August, 1939, they have advanced 20.6%, and surpass those of 1929 by 47.1%.

*Average Weekly Earnings* rose 1% in December, and reached a new peak. They exceeded those in December, 1940, by 19.2%; May, 1940, by 30.4%; August, 1939, by 32.2%; and the average for 1929 by 26.4%.

*"Real" Weekly Earnings* advanced 0.6% in December, the rise in dollar earnings more than offsetting the effect of a fractional increase in living costs between November and December. Despite rising living costs, "real" weekly earnings were higher in December than in any other month since these surveys were begun, except during October of 1941, when they were fractionally higher. They were 9.8% higher than in December, 1940, 19.2% above those of August, 1939, and May, 1940, and were 35.7% more than those during 1929.

*Average Hours Worked per Week* increased 0.2% from the November level. At 41.6 hours in December, they had advanced 3.7% above those of the same month of 1940, 10.9% over the work week in May, 1940, and

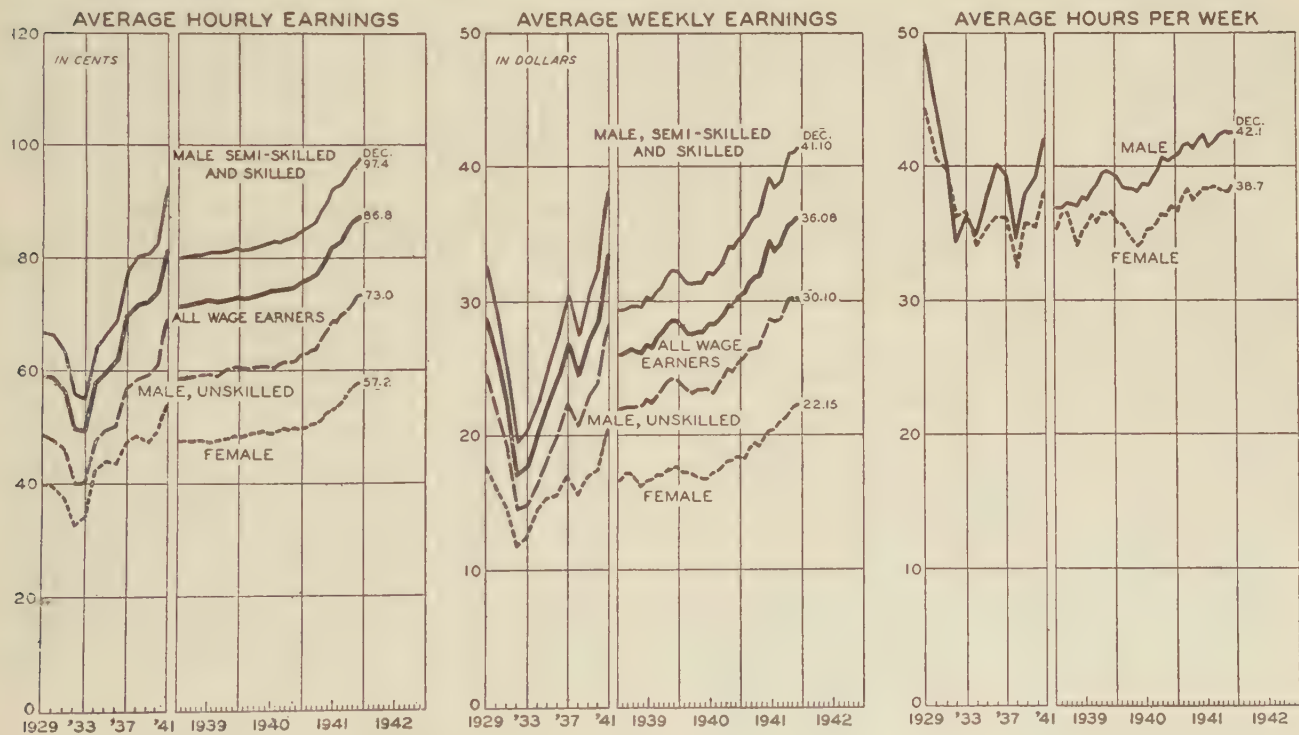
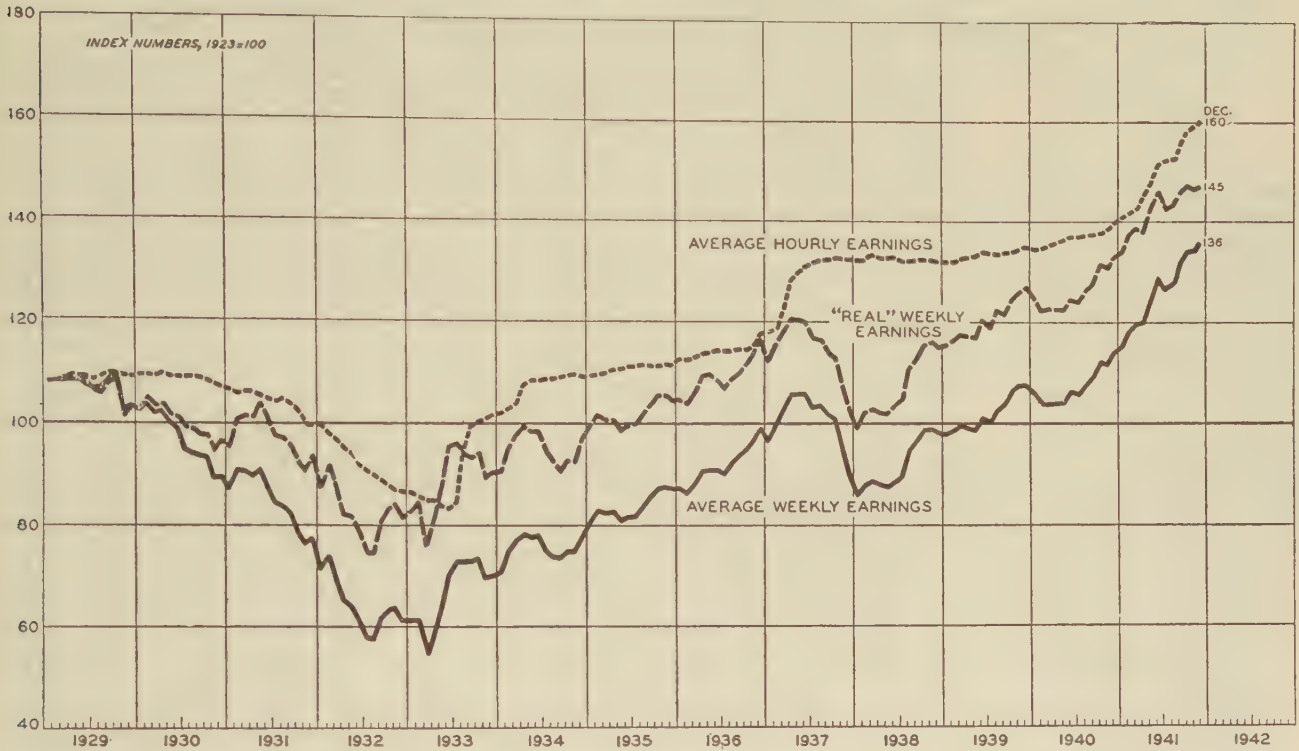
### EARNINGS AND HOURS, MALE AND FEMALE WAGE EARNERS, DECEMBER, 1941

INDUSTRY	ALL MALE						FEMALE					
	Average Earnings				Average Hours per Week per Wage Earner		Average Earnings				Average Hours per Week per Wage Earner	
	Hourly		Weekly				Hourly		Weekly			
	Dec.	Nov.	Dec.	Nov.	Dec.	Nov.	Dec.	Nov.	Dec.	Nov.	Dec.	Nov.
Agricultural implement.....	\$. 946	\$. 937	\$37.09	\$38.19	39.2	40.8	\$. 724	\$. 722	\$26.03	\$28.78	36.0	39.9
Automobile <sup>1</sup> .....	1.215	1.212	42.40	48.00	34.9	39.6	.807	.817	27.20	31.70	33.7	38.8
Boot and shoe.....	.721	.707	27.89	26.83	38.7	38.0	.514	.514	19.05	18.46	37.1	35.9
Chemical.....	.957	.946	39.35	38.95	41.1	41.2	.637	.628	25.47	24.88	40.0	39.6
Rayon and allied products.....	.871	.868	34.37	34.40	39.4	39.6	.642	.633	24.07	23.95	37.5	37.9
Cotton—North.....	.670	.670	28.12	28.02	41.9	41.8	.542	.540	21.50	20.96	39.6	38.8
Electrical manufacturing.....	1.012	.997	45.43	44.05	44.9	44.2	.675	.672	27.48	27.20	40.7	40.5
Furniture <sup>2</sup> .....	.811	.810	34.79	34.51	42.9	42.6	.562	.562	22.76	23.15	40.5	41.2
Hosiery and knit goods.....	.764	.755	31.02	30.26	40.6	40.1	.503	.496	18.80	18.44	37.4	37.2
Iron and steel <sup>3</sup> .....	.999	.989	38.26	37.29	38.3	37.7	.....	.....	.....	.....	.....	.....
Leather tanning and finishing.....	.777	.769	32.69	31.97	42.1	41.6	.623	.606	24.56	23.68	39.4	39.1
Lumber and millwork.....	.838	.833	34.27	34.35	40.9	41.2	.....	.....	.....	.....	.....	.....
Meat packing.....	.823	.834	32.71	32.86	39.7	39.4	.635	.641	24.48	24.38	38.6	38.0
Paint and varnish.....	.861	.853	35.82	35.14	41.6	41.2	.587	.582	22.60	22.00	38.5	37.8
Paper and pulp.....	.786	.779	34.35	34.33	43.7	44.0	.522	.520	20.76	20.47	39.8	39.4
Paper products.....	.791	.780	33.84	33.62	42.8	43.1	.513	.511	20.01	20.04	39.0	39.2
Printing—book and job.....	.959	.976	40.28	41.28	42.0	42.3	.538	.540	22.17	21.71	41.2	40.2
Printing—news and magazine.....	1.073	1.047	42.44	40.39	39.6	38.6	.597	.574	23.92	23.01	40.0	40.1
Rubber.....	1.074	1.071	40.88	41.64	38.1	38.9	.680	.674	25.71	25.20	37.8	37.4
1. Rubber tires and tubes.....	1.153	1.152	41.65	43.56	36.1	37.8	.807	.807	26.14	27.70	32.4	34.3
2. Other rubber products.....	.943	.927	39.41	37.93	41.8	40.9	.634	.621	25.51	24.07	40.3	38.8
Silk and rayon.....	.663	.652	25.84	25.39	39.0	38.9	.484	.476	17.83	17.73	36.9	37.3
Wool.....	.801	.795	33.24	32.40	41.5	40.7	.651	.650	24.87	24.01	38.2	36.9
1. Woolen and worsted goods.....	.792	.788	33.08	32.61	41.8	41.4	.644	.643	25.26	24.55	39.2	38.2
2. Other woolen products <sup>4</sup> .....	.810	.803	33.40	32.20	41.2	40.1	.669	.667	24.05	22.93	36.0	34.4
Foundries and machine shops.....	.940	.922	44.86	42.82	47.7	46.4	.595	.591	24.66	24.27	41.5	41.1
1. Foundries.....	.899	.887	40.46	38.75	45.0	43.7	.676	.675	27.13	26.31	40.1	39.0
2. Machines and machine tools.....	.925	.915	47.34	45.98	51.2	50.2	.639	.643	27.86	27.73	43.6	43.1
3. Heavy equipment.....	.983	.955	46.83	43.84	47.7	45.9	.....	.....	.....	.....	.....	.....
4. Hardware and small parts.....	.891	.880	41.37	40.43	46.4	46.0	.595	.589	24.98	24.33	42.0	41.3
5. Other products.....	.955	.933	44.73	42.41	46.8	45.4	.580	.577	23.62	23.48	40.7	40.7
25 INDUSTRIES.....	\$. 924	\$. 915	\$38.75	\$38.45	42.1	42.1	\$. 572	\$. 569	\$22.15	\$21.82	38.7	38.3
Cement.....	\$. 762	\$. 769	\$30.60	\$31.18	40.2	40.5	.....	.....	.....	.....	.....	.....
Petroleum refining.....	1.131	1.137	41.72	41.55	36.9	36.5	.....	.....	.....	.....	.....	.....
27 INDUSTRIES.....	\$. 926	\$. 917	\$38.73	\$38.44	42.0	42.0	.....	.....	.....	.....	.....	.....

See footnotes on page 58



WAGE EARNINGS IN TWENTY-FIVE MANUFACTURING INDUSTRIES  
Source: THE CONFERENCE BOARD



NOTE: December "real" weekly earnings revised to 146.



## EARNINGS AND HOURS, UNSKILLED AND SKILLED AND SEMI-SKILLED MALE WAGE EARNERS, DECEMBER, 1941

INDUSTRY	UNSKILLED						SKILLED AND SEMI-SKILLED					
	Average Earnings				Average Hours per Week per Wage Earner		Average Earnings				Average Hours per Week per Wage Earner	
	Hourly		Weekly				Hourly		Weekly			
	Dec.	Nov.	Dec.	Nov.	Dec.	Nov.	Dec.	Nov.	Dec.	Nov.	Dec.	Nov.
Agricultural implement.....	\$ .787	\$ .785	\$29.32	\$31.32	37.3	39.9	\$ .968	\$ .958	\$38.17	\$39.16	39.5	40.9
Automobile <sup>1</sup> .....	1.070	1.085	36.70	41.99	34.3	38.7	1.235	1.229	43.23	48.79	35.0	39.7
Boot and shoe.....	.421	.422	16.59	17.56	39.4	41.6	.734	.719	28.41	27.25	38.7	37.9
Chemical.....	.829	.823	33.83	33.70	40.8	40.9	1.001	.988	41.31	40.81	41.3	41.8
Rayon and allied products.....	.585	.585	22.90	22.82	39.2	39.0	.908	.904	35.85	35.90	39.5	39.7
Cotton—North.....	.613	.613	25.06	25.28	40.9	41.2	.693	.693	29.37	29.14	42.4	42.0
Electrical manufacturing.....	.791	.797	34.33	33.95	43.4	42.6	1.037	1.019	46.77	45.24	45.1	44.4
Furniture <sup>2</sup> .....	.634	.631	27.71	27.32	43.7	43.3	.855	.855	36.51	36.25	42.7	42.4
Hosiery and knit goods.....	.507	.491	20.81	19.98	41.0	40.7	.790	.785	32.03	31.38	40.5	40.0
Iron and steel <sup>3</sup> .....	.766	.758	28.11	28.12	36.7	37.1	1.040	1.030	40.14	38.93	38.6	37.8
Leather tanning and finishing.....	.612	.608	26.21	25.51	42.8	42.0	.815	.805	34.13	33.47	41.9	41.6
Lumber and millwork.....	.636	.633	25.89	26.18	40.7	41.4	.894	.890	36.96	36.94	41.3	41.5
Meat packing.....	.707	.724	28.07	28.24	39.7	39.0	.886	.893	35.17	35.36	39.7	39.6
Paint and varnish.....	.730	.720	30.51	30.17	41.8	41.9	.931	.924	38.64	37.70	41.5	40.8
Paper and pulp.....	.661	.656	27.82	27.86	42.1	42.5	.837	.831	37.25	37.24	44.5	44.8
Paper products.....	.632	.626	26.86	27.17	42.5	43.4	.843	.833	36.17	35.77	42.9	43.0
Printing—book and job.....	.569	.576	24.13	24.71	42.4	42.9	1.089	1.109	45.63	46.69	41.9	42.1
Printing—news and magazine.....	.667	.631	24.93	23.61	37.4	37.4	1.175	1.152	47.21	44.77	40.2	38.9
Rubber.....	.775	.779	29.22	30.77	37.7	39.5	1.082	1.079	41.20	41.92	38.1	38.8
1. Rubber tires and tubes.....	.883	.884	31.35	32.18	35.5	36.4	1.159	1.158	41.88	43.82	36.1	37.8
2. Other rubber products.....	.650	.655	26.70	29.25	41.1	44.7	.953	.937	39.87	38.22	41.8	40.8
Wool.....	.661	.657	26.96	26.10	40.8	39.7	.874	.868	36.57	35.85	41.9	41.8
1. Woolen and worsted goods.....	.669	.671	27.24	27.20	40.7	40.5	.861	.855	36.48	35.82	42.4	41.9
2. Other woolen products <sup>4</sup> .....	.651	.641	26.65	24.88	40.9	38.8	.886	.881	36.66	35.87	41.4	40.7
Foundries and machine shops.....	.772	.759	35.30	33.91	45.7	44.7	.972	.953	46.82	44.72	43.2	46.9
1. Foundries.....	.741	.731	33.07	31.93	44.6	43.7	.968	.955	43.69	41.72	45.1	43.7
2. Machines and machine tools.....	.755	.748	38.30	36.98	50.7	49.4	.953	.942	49.33	48.10	51.8	51.1
3. Heavy equipment.....	.789	.765	36.06	34.31	45.7	44.9	1.018	.989	48.87	45.63	48.0	46.1
4. Hardware and small parts.....	.720	.717	33.11	32.68	46.0	45.6	.909	.900	42.59	41.97	46.8	46.6
5. Other products.....	.822	.804	35.60	33.88	43.3	42.1	.973	.953	46.13	43.80	47.4	46.0
24 INDUSTRIES <sup>5</sup> .....	\$ .730	\$ .726	\$30.10	\$30.13	41.4	41.6	\$ .974	\$ .964	\$41.10	\$40.73	42.4	42.3
Cement.....	\$ .660	\$ .668	\$24.60	\$24.87	37.3	37.2	\$ .777	\$ .784	\$31.56	\$32.20	40.6	41.1
Petroleum refining.....	.812	.811	29.64	28.47	36.5	35.1	1.187	1.194	43.92	43.82	37.0	36.7
26 INDUSTRIES <sup>6</sup> .....	\$ .730	\$ .726	\$30.05	\$30.07	41.3	41.5	\$ .977	\$ .967	\$41.07	\$40.71	42.3	42.2

NOTE: The wage data here given are for cash payments only and do not take into consideration the value of such wage equivalents as reduced or free house rents or other special services rendered by the company to employees. Various forms of wage equivalents are in use in industrial establishments in many localities, but the part which they play as compensation for work performed cannot be taken into account in a study of this character.

<sup>1</sup>Based on data collected by the Automobile Manufacturers Association and THE CONFERENCE BOARD.

<sup>2</sup>Includes wood, metal, and upholstered household and office furniture

<sup>3</sup>Based on data collected by the American Iron and Steel Institute and THE CONFERENCE BOARD

<sup>4</sup>Principally rugs

<sup>5</sup>Silk and rayon industry not included, as adequate data for unskilled and skilled groups are not available for this industry.

<sup>6</sup>Revised

9.8% more than in August, 1939. They were 13.9% below those prevailing in 1929.

Employment declined 0.5% in December. This was the first reduction in employment since July, 1940. The December level, however, was only slightly lower than that of November and otherwise surpassed all previous levels. Since December, 1940, employment has risen 17.4%. It was 35.5% higher in December than in May, 1940, 50.6% higher than in August, 1939, and 25.5% higher than the 1929 average.

Total Man Hours Worked were 0.1% lower in December, the reduction in employment since November having been greater than the rise in the average number of hours worked. They exceeded those of December, 1940, by 21.9%, those of May, 1940, by 50.5%, those of August, 1939, by 65.6%, and the average for 1929 by 8.2%. The greatest reduction was in the automobile

industry, where man hours declined 22.8%. There was a decline of 4.3% in the agricultural implement industry, and smaller decreases of 1.8% in lumber and mill work, 1.6% in book and job printing, and 1.3% in the rubber industry. In furniture, paper and pulp, paper products and silk industries, declines were fractional.

Payrolls advanced to a new peak in December. They had risen 0.5% since November, 39.9% since December, 1940, 76.7% since May, 1940, 99.0% since August, 1939, and 58.6% since the year, 1929. The highest recorded payrolls were in the machines and machine tools, miscellaneous foundries products, hardware and small parts, electrical manufacturing, paper products and chemical industries. They ranged from 100% to 200% more than payrolls during 1923.

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## Cost of Living, United States and 68 Cities, January

THE COST of living for wage earners' families continued to advance. It increased 1.4% from December, 1941, to January, 1942. The index for January was 94.5 (1923=100). This was higher than in any other month since October, 1930. Clothing prices advanced 2.9%, and food prices 2.8%. Housing, fuel and light and sundries increased fractionally. The cost of living index advanced 9.9% from January, 1941, to January, 1942. The purchasing value of the wage earner's dollar declined in January to 105.8 cents; in

December it was 107.3 cents, and in January, 1941, it was 116.3 cents.

In each of sixty-seven industrial cities, living costs advanced in January. The increases ranged from 0.5% in Newark to 2.6% in Baltimore. From January, 1941, to January, 1942, the increases ranged from 6.6% in Newark to 15.7% in Syracuse.

H. S. HILL

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### CHANGES IN THE COST OF LIVING, JANUARY, 1942

Item	Relative Importance in Post-War Family Budget	Index Numbers, 1923=100			Percentage Changes	
		January, 1942	December, 1941	January, 1941	December, 1941 to January, 1942	January, 1941 to January, 1942
Food <sup>1</sup> .....	33	95.2	92.6	78.7	+2.8	+21.0
Housing.....	20	90.1	89.9	87.6	+0.2	+2.9
Clothing.....	12	82.4	80.1	73.0	+2.9	+12.9
Men's.....	..	91.4	87.8	80.2	+4.1	+14.0
Women's.....	..	73.4	72.3	65.7	+1.5	+11.7
Fuel and light.....	5	90.4	90.3	86.4	+0.1	+4.6
Coal.....	..	92.6	92.5	86.6	+0.1	+6.9
Gas and electricity <sup>2</sup> .....	..	85.9	85.9	85.9	0	0
Sundries.....	30	102.5	102.2 <sub>r</sub>	98.2	+0.3	+4.4
Weighted average of all items.....	100	94.5	93.2 <sub>r</sub>	86.0	+1.4	+9.9
Purchasing value of dollar.....	..	105.8	107.3 <sub>r</sub>	116.3	-1.4	-9.0

<sup>1</sup>Based on THE CONFERENCE BOARD index of food prices, December 15, 1941 and January 15, 1942 and on food price indexes of the United States Bureau of Labor Statistics, January 14, 1941.

<sup>2</sup>Based upon retail prices of 35 kilowatt hours of electricity, 1,000 cubic feet of natural gas, or 2,000 cubic feet of manufactured gas.

<sub>r</sub>Revised.

### COST OF LIVING OF WAGE EARNERS IN THE UNITED STATES, AND PURCHASING VALUE OF THE DOLLAR

Date	Weighted Average of All Items	Food	Housing	Clothing			Fuel and Light			Sundries	Purchasing Value of Dollar
				Total	Men's	Women's	Total	Coal	Gas and Electricity		
1941 February.....	86.1	78.8	87.7	73.1	80.4	65.7	86.4	86.7	85.9	98.2	116.1
March.....	86.3	79.2	87.7	73.2	80.6	65.8	86.4	86.7	85.9	98.3	115.9
April.....	86.9	81.0	87.8	73.3	80.8	65.8	86.4	86.7	85.9	98.3	115.1
May.....	87.4	82.2	88.0	73.6	81.1	66.0	86.4	86.6	85.9	98.5	114.4
June.....	88.5	85.5	88.2	73.6	81.2	66.0	86.7	87.1	85.9	98.6	113.0
July.....	88.9	86.2	88.4	73.8	81.4	66.1	87.8	88.7	85.9	98.7	112.5
August.....	89.4	87.3	88.6	74.5	82.0	66.9	88.6	90.0	85.9	98.8	111.9
September.....	90.8	89.4	88.9	76.9	84.8	69.0	89.4	91.1	85.9	99.8	110.1
October.....	92.0	90.7	89.2	78.3	86.2	70.4	90.0	92.0	85.9	101.5	108.7
November.....	92.9	92.2	89.5	79.6	87.3	71.9	90.2	92.4	85.9	101.9	107.6
December.....	93.2 <sub>r</sub>	92.6	89.9	80.1	87.8	72.3	90.3	92.5	85.9	102.2 <sub>r</sub>	107.3 <sub>r</sub>
1942 January.....	94.5	95.2	90.1	82.4	91.4	73.4	90.4	92.6	85.9	102.5	105.8

<sub>r</sub>Revised



# COST OF LIVING OF WAGE EARNERS AND LOWER-SALARIED CLERICAL WORKERS IN 60 CITIES DURING DECEMBER, 1941, AND JANUARY, 1942

Source: THE CONFERENCE BOARD

Index Numbers, January, 1939=100

CITY	Index Numbers Jan., 1939=100			Percentage Changes		CITY	Index Numbers Jan., 1939=100			Percentage Changes	
	Jan. 1942	Dec. 1941	Jan. 1941	Dec. 1941 to Jan. 1942	Jan. 1941 to Jan. 1942		Jan. 1942	Dec. 1941	Jan. 1941	Dec. 1941 to Jan. 1942	Jan. 1941 to Jan. 1942
<b>Akron</b>						<b>Chattanooga</b>					
Food.....	122.2	118.7	102.1	+2.9	+19.7	Food.....	131.2	127.3	102.0	+3.1	+28.6
Housing.....	121.1	120.7	114.7	+0.3	+5.6	Housing.....	103.4	103.4	100.2	0	+3.2
Clothing.....	116.8	114.7	98.6	+1.4	+18.0	Clothing.....	109.9	107.0	99.2	+2.7	+10.8
Fuel and light.....	114.1	113.0	108.1	+1.0	+5.6	Fuel and light.....	104.7	104.7	97.5	0	+7.4
Housefurnishings.....	115.5	113.8	98.6	+1.5	+17.1	Housefurnishings.....	118.5	118.2	100.1	+0.3	+18.4
Sundries.....	104.5	104.5	100.5	0	+4.0	Sundries.....	100.3	100.3	97.6	0	+2.8
Weighted Total.....	115.6	114.1	103.8	+1.3	+11.4	Weighted Total.....	112.1	110.7	99.6	+1.3	+12.6
<b>Atlanta</b>						<b>Chicago</b>					
Food.....	122.8	119.2	98.1	+3.0	+25.2	Food.....	119.9	118.0	103.4	+1.6	+16.0
Housing.....	99.2	99.2	97.0	0	+2.3	Housing.....	102.9	102.8	98.7	+0.1	+4.3
Clothing.....	112.0	109.4	98.7	+2.4	+13.5	Clothing.....	113.9	110.6	99.9	+3.0	+14.0
Fuel and light.....	111.8	111.8	97.8	0	+14.3	Fuel and light.....	100.2	100.2	94.3	0	+6.3
Housefurnishings.....	114.8	113.6	100.3	+1.1	+14.5	Housefurnishings.....	119.4	117.6	102.0	+1.5	+17.1
Sundries.....	104.6	104.6	100.9	0	+3.7	Sundries.....	101.4	101.4	100.1	0	+1.3
Weighted Total.....	111.1	109.6	99.1	+1.4	+12.1	Weighted Total.....	109.4	108.4	100.6	+0.9	+8.7
<b>Baltimore</b>						<b>Cincinnati</b>					
Food.....	130.7	124.0	103.8	+5.4	+25.9	Food.....	117.3	113.6	103.4	+3.3	+13.4
Housing.....	107.2	107.2	101.4	0	+5.7	Housing.....	100.8	100.8	99.8	0	+1.0
Clothing.....	110.8	106.5	99.4	+4.0	+11.5	Clothing.....	111.8	106.1	98.3	+5.4	+13.7
Fuel and light.....	106.0	106.0	98.5	0	+7.6	Fuel and light.....	106.0	106.0	101.1	0	+4.8
Housefurnishings.....	127.0	126.2	104.1	+0.6	+22.0	Housefurnishings.....	116.5	115.6	101.7	+0.8	+14.6
Sundries.....	101.6	101.6	100.6	0	+1.0	Sundries.....	103.7	103.7	102.7	0	+1.0
Weighted Total.....	115.1	112.2	101.7	+2.6	+13.2	Weighted Total.....	109.4	107.6	101.8	+1.7	+7.5
<b>Birmingham</b>						<b>Cleveland</b>					
Food.....	127.1	125.5	104.6	+1.3	+21.5	Food.....	119.8	117.4	100.5	+2.0	+19.2
Housing.....	106.9	106.7	103.5	+0.2	+3.3	Housing.....	105.4	105.0	102.4	+0.4	+2.9
Clothing.....	116.5	111.8	100.1	+4.2	+16.4	Clothing.....	118.4	114.2	100.3	+3.7	+18.0
Fuel and light.....	106.8	106.8	92.7	0	+15.2	Fuel and light.....	106.1	106.1	102.0	0	+4.0
Housefurnishings.....	115.3	114.6	99.9	+0.6	+15.4	Housefurnishings.....	116.6	114.1	101.3	+2.2	+15.1
Sundries.....	100.5	100.5	100.0	0	+0.5	Sundries.....	101.9	101.8	100.7	+0.1	+1.2
Weighted Total.....	112.2	111.1	101.6	+1.0	+10.4	Weighted Total.....	110.8	109.4	101.0	+1.3	+9.7
<b>Boston</b>						<b>Dallas</b>					
Food.....	122.0	118.2	99.1	+3.2	+23.1	Food.....	132.0	129.6	99.7	+1.9	+32.4
Housing.....	103.2	103.2	102.3	0	+0.9	Housing.....	101.6	101.6	97.3	0	+4.4
Clothing.....	115.6	111.9	99.1	+3.3	+16.6	Clothing.....	114.9	109.6	99.3	+4.8	+15.7
Fuel and light.....	107.9	107.9	103.5	0	+4.3	Fuel and light.....	100.0	100.0	100.0	0	0
Housefurnishings.....	123.3	121.5	103.8	+1.5	+18.8	Housefurnishings.....	122.9	121.0	102.7	+1.6	+19.7
Sundries.....	103.6	103.5	101.7	+0.1	+1.9	Sundries.....	101.8	101.8	100.7	0	+1.1
Weighted Total.....	112.3	110.5	100.9	+1.6	+11.3	Weighted Total.....	118.4	111.9	99.8	+1.3	+13.6
<b>Bridgeport</b>						<b>Dayton</b>					
Food.....	124.1	120.0	103.0	+3.4	+20.5	Food.....	116.4	113.5	94.3	+2.6	+23.4
Housing.....	110.1	110.1	104.5	0	+5.4	Housing.....	a	a	a	a	a
Clothing.....	114.7	107.6	101.1	+6.6	+13.5	Clothing.....	112.6	112.0	98.9	+0.5	+13.9
Fuel and light.....	106.4	106.4	102.1	0	+4.2	Fuel and light.....	105.2	105.2	102.5	0	+2.6
Housefurnishings.....	119.9	118.7	102.2	+1.0	+17.3	Housefurnishings.....	124.2	123.8	106.6	+0.3	+16.5
Sundries.....	103.7	103.7	100.9	0	+2.8	Sundries.....	102.2	102.0	101.6	+0.2	+0.6
Weighted Total.....	113.9	111.7	102.5	+2.0	+11.1	Weighted Total.....	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Buffalo</b>						<b>Denver</b>					
Food.....	123.0	121.5	106.9	+1.2	+15.1	Food.....	121.4	117.9	101.1	+3.0	+20.1
Housing.....	111.7	111.6	104.6	+0.1	+6.8	Housing.....	104.4	104.4	100.8	0	+3.6
Clothing.....	111.1	107.0	98.9	+3.8	+12.3	Clothing.....	113.1	109.4	99.8	+3.4	+13.3
Fuel and light.....	103.1	103.1	99.4	0	+3.7	Fuel and light.....	102.9	102.9	101.2	0	+1.7
Housefurnishings.....	121.1	120.9	99.9	+0.2	+21.2	Housefurnishings.....	113.3	112.4	100.4	+0.8	+12.8
Sundries.....	103.2	103.2	101.8	0	+1.4	Sundries.....	102.0	102.0	100.7	0	+1.3
Weighted Total.....	112.7	111.8	103.4	+0.8	+9.0	Weighted Total.....	110.1	108.6	100.8	+1.4	+9.2

Footnotes given on page 64



# COST OF LIVING OF WAGE EARNERS AND LOWER-SALARIED CLERICAL WORKERS IN 60 CITIES DURING DECEMBER, 1941, AND JANUARY, 1942—Continued

Source: THE CONFERENCE BOARD

Index Numbers, January, 1939=100

CITY	Index Numbers Jan., 1939=100			Percentage Changes	
	Jan. 1942	Dec. 1941	Jan. 1941	Dec. 1941 to Jan. 1942	Jan. 1941 to Jan. 1942
<b>Des Moines</b>					
Food.....	138.2	133.5	108.5	+3.5	+27.4
Housing.....	103.5	103.5	100.1	0	+3.4
Clothing.....	117.5	112.5	103.5	+4.4	+13.5
Fuel and light.....	117.6	113.9	101.9	+3.2	+15.4
Housefurnishings.....	114.5	114.0	98.7	+0.4	+16.0
Sundries.....	100.9	100.9	99.8	0	+1.1
Weighted Total.....	116.7	114.3	103.1	+2.1	+13.2
<b>Detroit</b>					
Food.....	117.1	114.2	101.4	+2.5	+15.5
Housing.....	107.2	106.7	101.8	+0.5	+5.3
Clothing.....	109.7	105.6	98.1	+3.9	+11.8
Fuel and light.....	109.6	109.6	102.3	0	+7.1
Housefurnishings.....	125.3	124.0	107.3	+1.0	+16.8
Sundries.....	100.6	100.6	99.6	0	+1.0
Weighted Total.....	109.6	108.1	100.9	+1.4	+8.6
<b>Duluth</b>					
Food.....	124.4	122.5	104.6	+1.6	+18.9
Housing.....	100.1	100.1	100.0	0	+0.1
Clothing.....	114.8	109.7	99.1	+4.6	+15.8
Fuel and light.....	100.7	100.7	98.6	0	+2.1
Housefurnishings.....	123.5	123.2	101.4	+0.2	+21.8
Sundries.....	102.0	102.0	100.7	0	+1.3
Weighted Total.....	110.8	109.6	101.4	+1.1	+9.3
<b>Eric, Pa.</b>					
Food.....	120.8	117.6	101.6	+2.7	+18.9
Housing.....	105.5	105.5	101.8	0	+3.6
Clothing.....	119.5	111.3	101.7	+7.4	+17.5
Fuel and light.....	107.0	107.0	101.5	0	+5.4
Housefurnishings.....	126.2	126.0	107.2	+0.2	+17.7
Sundries.....	106.5	106.5	101.6	0	+4.8
Weighted Total.....	114.0	111.9	101.9	+1.9	+11.9
<b>Fall River</b>					
Food.....	128.4	124.0	102.9	+3.5	+24.8
Housing.....	101.9	101.9	100.8	0	+1.1
Clothing.....	110.4	107.3	99.5	+2.9	+11.0
Fuel and light.....	102.6	102.6	97.9	0	+4.8
Housefurnishings.....	112.9	114.5	103.0	-1.4	+9.6
Sundries.....	104.8	104.8	102.9	0	+1.8
Weighted Total.....	113.3	111.5	101.8	+1.6	+11.3
<b>Front Royal, Va.</b>					
Food.....	137.0	132.8	n.a.	+3.2	n.a.
Housing.....	93.7	93.7	n.a.	0	n.a.
Clothing.....	119.8	119.1	n.a.	+0.6	n.a.
Fuel and light.....	103.5	103.5	n.a.	0	n.a.
Housefurnishings.....	124.4	122.4	n.a.	+1.6	n.a.
Sundries.....	101.8	101.8	n.a.	0	n.a.
Weighted Total.....	112.0	110.8	n.a.	+1.1	n.a.
<b>Grand Rapids</b>					
Food.....	134.2	128.1	103.4	+4.8	+29.8
Housing.....	106.6	106.6	105.3	0	+1.2
Clothing.....	111.5	109.9	99.0	+1.5	+12.6
Fuel and light.....	108.0	108.0	99.6	0	+8.4
Housefurnishings.....	127.6	123.9	100.3	+3.0	+27.2
Sundries.....	103.5	103.5	100.7	0	+2.8
Weighted Total.....	115.5	113.4	102.0	+1.9	+13.2
<b>Houston</b>					
Food.....	125.6	122.6	103.6	+2.4	+21.2
Housing.....	104.2	102.8	101.4	+1.4	+2.8
Clothing.....	115.3	111.2	100.9	+3.7	+14.3
Fuel and light.....	92.3	92.3	92.9	0	-0.6
Housefurnishings.....	119.8	119.0	102.1	+0.7	+17.3
Sundries.....	104.1	104.1	101.7	0	+2.4
Weighted Total.....	111.7	110.2	101.7	+1.4	+9.8
<b>Indianapolis</b>					
Food.....	127.1	123.9	103.7	+2.6	+22.6
Housing.....	108.2	108.2	104.6	0	+3.4
Clothing.....	113.2	110.1	100.2	+2.8	+13.0
Fuel and light.....	104.4	104.4	100.2	0	+4.2
Housefurnishings.....	109.8	109.5	100.7	+0.3	+9.0
Sundries.....	104.6	104.6	103.0	0	+1.6
Weighted Total.....	112.8	111.6	102.8	+1.1	+9.7
<b>Kansas City, Mo.</b>					
Food.....	113.1	109.9	96.5	+2.9	+17.2
Housing.....	101.4	101.4	100.4	0	+1.0
Clothing.....	114.2	111.1	98.7	+2.8	+15.7
Fuel and light.....	110.0	110.0	105.8	0	+4.0
Housefurnishings.....	116.5	115.8	100.9	+0.6	+15.5
Sundries.....	100.8	100.8	100.6	0	+0.2
Weighted Total.....	107.3	106.0	99.6	+1.2	+7.7
<b>Lansing</b>					
Food.....	137.8	132.8	107.5	+3.8	+28.2
Housing.....	98.0	98.0	95.8	0	+2.3
Clothing.....	114.5	109.8	96.1	+4.3	+19.1
Fuel and light.....	101.6	101.6	94.8	0	+7.2
Housefurnishings.....	125.6	123.6	107.4	+1.6	+16.9
Sundries.....	103.8	103.9	100.9	-0.1	+2.9
Weighted Total.....	114.3	112.3	101.0	+1.8	+13.2
<b>Los Angeles</b>					
Food.....	126.1	122.0	103.1	+3.4	+22.3
Housing.....	105.2	104.3	99.8	+0.9	+5.4
Clothing.....	109.9	107.7	98.3	+2.0	+11.8
Fuel and light.....	96.2	96.2	97.4	0	-1.2
Housefurnishings.....	121.3	121.2	103.7	+0.1	+17.0
Sundries.....	102.7	102.7	101.5	0	+1.2
Weighted Total.....	111.5	109.9	101.3	+1.5	+10.1
<b>Louisville</b>					
Food.....	118.2	115.2	100.0	+2.6	+18.2
Housing.....	104.9	104.6	101.9	+0.3	+2.9
Clothing.....	115.9	111.3	99.2	+4.1	+16.8
Fuel and light.....	115.4	115.4	109.7	0	+5.2
Housefurnishings.....	122.8	120.6	105.5	+1.8	+16.4
Sundries.....	101.8	101.8	100.1	0	+1.7
Weighted Total.....	111.4	109.7	101.3	+1.5	+10.0
<b>Lynn</b>					
Food.....	127.9	123.5	104.9	+3.6	+21.9
Housing.....	103.0	103.0	100.4	0	+2.6
Clothing.....	115.7	113.8	100.5	+1.7	+15.1
Fuel and light.....	110.8	110.8	105.9	0	+4.6
Housefurnishings.....	122.4	122.0	102.1	+0.3	+19.9
Sundries.....	104.5	104.5	102.5	0	+2.0
Weighted Total.....	115.5	113.7	103.1	+1.6	+12.0

Footnotes given on page 64



# **COST OF LIVING OF WAGE EARNERS AND LOWER-SALARIED CLERICAL WORKERS IN 60 CITIES DURING DECEMBER, 1941, AND JANUARY, 1942—Continued**

Source: THE CONFERENCE BOARD

Index Numbers, January, 1939=100

CITY	Index Numbers Jan., 1939=100			Percentage Changes		CITY	Index Numbers Jan., 1939=100			Percentage Changes	
	Jan. 1942	Dec. 1941	Jan. 1941	Dec. 1941 to Jan. 1942	Jan. 1941 to Jan. 1942		Jan. 1942	Dec. 1941	Jan. 1941	Dec. 1941 to Jan. 1942	Jan. 1941 to Jan. 1942
<b>Macon</b>						<b>Newark</b>					
Food.....	129.0	126.0	102.5	+2.4	+25.9	Food.....	114.5	113.7	104.9	+0.7	+9.2
Housing.....	121.7	120.4	113.5	+1.1	+7.2	Housing.....	101.4	101.4	99.0	0	+2.4
Clothing.....	109.1	107.0	98.6	+2.0	+10.6	Clothing.....	112.5	111.2	98.7	+1.2	+14.0
Fuel and light.....	107.8	107.8	101.0	0	+6.7	Fuel and light.....	102.2	102.2	96.3	0	+6.1
Housefurnishings.....	127.2	124.6	107.5	+2.1	+18.3	Housefurnishings.....	122.9	122.1	101.9	+0.7	+20.6
Sundries.....	101.0	101.0	98.8	0	+2.2	Sundries.....	102.6	102.6	100.6	0	+2.0
Weighted Total.....	114.9	113.4	102.3	+1.3	+12.3	Weighted Total.....	108.1	107.6	101.4	+0.5	+6.6
<b>Manchester, N. H.</b>						<b>New Haven</b>					
Food.....	121.6	117.5	100.9	+3.5	+20.5	Food.....	125.8	119.9	102.7	+4.9	+22.5
Housing.....	102.8	102.8	101.2	0	+1.6	Housing.....	105.6	105.6	102.7	0	+2.8
Clothing.....	110.7	107.7	100.5	+2.8	+10.1	Clothing.....	113.9	110.5	101.1	+3.1	+12.7
Fuel and light.....	103.4	103.4	97.7	0	+5.8	Fuel and light.....	105.9	105.9	102.0	0	+3.8
Housefurnishings.....	120.5	119.9	100.9	+0.5	+19.4	Housefurnishings.....	118.6	117.5	101.2	+0.9	+17.2
Sundries.....	103.3	103.3	102.5	0	+0.8	Sundries.....	102.4	102.4	101.8	0	+0.6
Weighted Total.....	111.6	109.7	101.0	+1.7	+10.5	Weighted Total.....	113.2	110.8	102.2	+2.2	+10.8
<b>Meadville, Pa.</b>						<b>New Orleans</b>					
Food.....	128.0	123.7	n.a.	+3.5	n.a.	Food.....	127.9	123.7	104.1	+3.4	+22.9
Housing.....	104.6	103.8	n.a.	+0.8	n.a.	Housing.....	108.1	107.9	107.3	+0.2	+0.7
Clothing.....	113.5	111.9	n.a.	+1.4	n.a.	Clothing.....	113.1	110.6	98.9	+2.3	+14.4
Fuel and light.....	105.4	105.4	n.a.	0	n.a.	Fuel and light.....	103.2	103.2	98.3	0	+5.0
Housefurnishings.....	118.1	117.7	n.a.	+0.3	n.a.	Housefurnishings.....	125.8	123.8	105.1	+1.6	+19.7
Sundries.....	102.2	102.1	n.a.	+0.1	n.a.	Sundries.....	102.5	102.6	99.8	-0.1	+2.7
Weighted Total.....	112.6	110.9	n.a.	+1.5	n.a.	Weighted Total.....	115.0	113.0	102.7	+1.8	+12.0
<b>Memphis</b>						<b>New York</b>					
Food.....	126.8	123.4	101.2	+2.8	+25.3	Food.....	123.2	120.4	103.6	+2.3	+18.9
Housing.....	107.4	107.4	103.1	0	+4.2	Housing.....	101.0	101.0	100.1	0	+0.9
Clothing.....	113.7	109.0	99.0	+4.3	+14.8	Clothing.....	106.5	105.1	97.4	+1.3	+9.3
Fuel and light.....	103.1	103.1	98.1	0	+5.1	Fuel and light.....	107.0	106.3	101.5	+0.7	+5.4
Housefurnishings.....	126.3	121.4	100.3	+4.0	+25.9	Housefurnishings.....	121.6	119.9	103.4	+1.4	+17.6
Sundries.....	103.0	103.0	102.0	0	+1.0	Sundries.....	103.7	103.8	102.7	-0.1	+1.0
Weighted Total.....	113.1	111.4	101.2	+1.5	+11.8	Weighted Total.....	111.1	109.9	101.8	+1.1	+9.1
<b>Milwaukee</b>						<b>Oakland</b>					
Food.....	120.7	118.7	100.5	+1.7	+20.1	Food.....	126.6	122.2	102.1	+3.6	+24.0
Housing.....	102.3	102.3	100.4	0	+1.9	Housing.....	122.3	122.2	103.3	+0.1	+18.4
Clothing.....	113.2	110.7	99.8	+2.3	+13.4	Clothing.....	114.2	111.2	97.6	+2.7	+17.0
Fuel and light.....	103.3	103.3	98.2	0	+5.2	Fuel and light.....	84.9	84.9	84.9	0	0
Housefurnishings.....	118.7	118.3	102.8	+0.3	+15.5	Housefurnishings.....	113.3	112.5	101.3	+0.7	+11.8
Sundries.....	102.8	102.7	100.9	+0.1	+1.9	Sundries.....	99.9	100.0	96.8	-0.1	+3.2
Weighted Total.....	110.0	109.1	100.4	+0.8	+9.6	Weighted Total.....	113.8	112.1	99.4	+1.5	+14.5
<b>Minneapolis</b>						<b>Omaha</b>					
Food.....	123.5	120.1	104.0	+2.8	+18.8	Food.....	129.8	125.9	106.7	+3.1	+21.6
Housing.....	103.2	103.2	100.8	0	+2.4	Housing.....	100.0	100.0	98.5	0	+1.5
Clothing.....	117.0	112.0	101.3	+4.5	+15.5	Clothing.....	111.9	109.1	98.8	+2.6	+13.3
Fuel and light.....	99.6	99.6	98.2	0	+1.4	Fuel and light.....	103.6	103.6	98.7	0	+5.0
Housefurnishings.....	117.8	116.9	103.4	+0.8	+13.9	Housefurnishings.....	128.2	128.0	107.9	+0.2	+18.8
Sundries.....	105.3	105.3	102.6	0	+2.6	Sundries.....	103.3	103.3	100.9	0	+2.4
Weighted Total.....	111.6	110.1	102.2	+1.4	+9.2	Weighted Total.....	112.8	111.3	102.2	+1.3	+10.4
<b>Muskegon</b>						<b>Parkersburg, W. Va.</b>					
Food.....	130.8	129.5	110.3	+1.0	+18.6	Food.....	129.4	126.8	n.a.	+2.1	n.a.
Housing.....	115.4	116.2	106.4	-0.7	+8.5	Housing.....	103.5	103.5	n.a.	0	n.a.
Clothing.....	111.1	106.2	97.2	+4.6	+14.3	Clothing.....	115.8	113.7	n.a.	+1.8	n.a.
Fuel and light.....	106.2	106.2	100.3	0	+5.9	Fuel and light.....	94.4	94.4	n.a.	0	n.a.
Housefurnishings.....	115.0	114.0	102.9	+0.9	+11.8	Housefurnishings.....	122.7	118.7	n.a.	+3.4	n.a.
Sundries.....	105.0	104.5	100.5	+0.5	+4.5	Sundries.....	103.0	103.0	n.a.	0	n.a.
Weighted Total.....	115.6	114.6	104.1	+0.9	+11.0	Weighted Total.....	114.3	113.0	n.a.	+1.2	n.a.

Footnotes given on page 64



# COST OF LIVING OF WAGE EARNERS AND LOWER-SALARIED CLERICAL WORKERS IN 60 CITIES DURING DECEMBER, 1941, AND JANUARY, 1942—Continued

Source: THE CONFERENCE BOARD

Index Numbers, January, 1939=100

CITY	Index Numbers Jan., 1939=100			Percentage Changes	
	Jan. 1942	Dec. 1941	Jan. 1941	Dec. 1941 to Jan. 1942	Jan. 1941 to Jan. 1942
<b>Philadelphia</b>					
Food.....	130.7	125.2	101.3	+4.4	+29.0
Housing.....	102.5	102.5	99.7	0	+2.8
Clothing.....	115.3	111.4	100.9	+3.5	+14.3
Fuel and light.....	107.0	107.0	100.8	0	+6.2
Housefurnishings.....	115.5	114.6	98.7	+0.8	+17.0
Sundries.....	102.1	102.1	101.2	0	+0.9
Weighted Total.....	114.7	112.3	100.8	+2.1	+13.8
<b>Pittsburgh</b>					
Food.....	123.4	120.0	101.9	+2.8	+21.1
Housing.....	103.4	103.4	101.7	0	+1.7
Clothing.....	115.2	111.3	99.7	+3.5	+15.5
Fuel and light.....	113.7	113.7	106.5	0	+6.8
Housefurnishings.....	114.6	113.8	101.8	+0.7	+12.6
Sundries.....	104.3	104.4	101.6	-0.1	+2.7
Weighted Total.....	112.6	111.1	101.8	+1.4	+10.6
<b>Portland, Ore.</b>					
Food.....	124.6	119.6	103.4	+4.2	+20.5
Housing.....	105.7	105.0	101.1	+0.7	+4.5
Clothing.....	117.8	113.4	102.1	+3.9	+15.4
Fuel and light.....	98.8	98.8	98.8	0	0
Housefurnishings.....	108.0	107.8	101.1	+0.2	+6.8
Sundries.....	103.9	103.4	102.3	+0.5	+1.6
Weighted Total.....	112.1	109.8	102.2	+2.1	+9.7
<b>Providence</b>					
Food.....	130.4	124.3	104.0	+4.9	+25.4
Housing.....	102.6	102.6	100.5	0	+2.1
Clothing.....	109.3	106.3	98.5	+2.8	+11.0
Fuel and light.....	100.7	100.7	98.9	0	+1.8
Housefurnishings.....	122.4	121.8	103.6	+0.5	+18.1
Sundries.....	100.8	100.8	100.6	0	+0.2
Weighted Total.....	111.8	109.7	101.4	+1.9	+10.3
<b>Richmond</b>					
Food.....	126.5	122.8	101.3	+3.0	+24.9
Housing.....	102.2	101.2	100.4	+1.0	+1.8
Clothing.....	110.6	108.9	99.5	+1.6	+11.2
Fuel and light.....	103.9	103.9	98.6	0	+5.4
Housefurnishings.....	117.3	116.8	99.9	+0.4	+17.4
Sundries.....	102.2	102.2	100.2	0	+2.0
Weighted Total.....	111.0	109.5	100.4	+1.4	+10.6
<b>Roanoke, Va.</b>					
Food.....	129.4	126.3	n.a.	+2.5	n.a.
Housing.....	122.7	122.7	n.a.	0	n.a.
Clothing.....	109.3	108.6	n.a.	+0.6	n.a.
Fuel and light.....	98.9	98.9	n.a.	0	n.a.
Housefurnishings.....	121.6	118.2	n.a.	+2.9	n.a.
Sundries.....	104.1	104.0	n.a.	+0.1	n.a.
Weighted Total.....	115.7	114.6	n.a.	+1.0	n.a.
<b>Rochester</b>					
Food.....	124.3	120.4	105.3	+3.2	+18.0
Housing.....	103.8	103.8	101.5	0	+2.3
Clothing.....	116.3	113.1	101.3	+2.8	+14.8
Fuel and light.....	108.8	108.8	104.9	0	+3.7
Housefurnishings.....	131.7	127.4	105.2	+3.4	+25.2
Sundries.....	104.9	104.9	103.0	0	+1.8
Weighted Total.....	113.0	111.4	103.4	+1.4	+9.3
<b>Sacramento</b>					
Food.....	127.2	119.3	103.5	+6.6	+22.9
Housing.....	106.2	106.2	102.4	0	+3.7
Clothing.....	113.3	111.5	99.5	+1.6	+13.9
Fuel and light.....	83.9	83.9	83.9	0	0
Housefurnishings.....	121.4	118.3	99.4	+2.6	+22.1
Sundries.....	103.2	103.0	101.3	+0.2	+1.9
Weighted Total.....	111.9	109.2	101.0	+2.5	+10.8
<b>St. Louis</b>					
Food.....	126.2	123.4	104.7	+2.3	+20.5
Housing.....	103.9	103.9	100.0	0	+3.9
Clothing.....	114.7	110.9	101.0	+3.4	+13.6
Fuel and light.....	118.4	118.4	110.2	0	+7.4
Housefurnishings.....	116.3	116.1	101.3	+0.2	+14.8
Sundries.....	101.6	101.6	102.1	0	-0.5
Weighted Total.....	113.2	111.9	103.0	+1.2	+9.9
<b>St. Paul</b>					
Food.....	124.3	122.2	104.7	+1.7	+18.7
Housing.....	100.7	100.7	100.7	0	0
Clothing.....	113.3	109.8	101.3	+3.2	+11.8
Fuel and light.....	99.3	99.3	99.7	0	-0.4
Housefurnishings.....	119.1	118.9	106.0	+0.2	+12.4
Sundries.....	106.1	106.1	102.6	0	+3.4
Weighted Total.....	111.4	110.4	102.7	+0.9	+8.5
<b>San Francisco</b>					
Food.....	132.2	124.7	104.0	+6.0	+27.1
Housing.....	97.8	97.8	97.8	0	0
Clothing.....	111.3	108.8	99.1	+2.3	+12.3
Fuel and light.....	84.9	84.9	84.9	0	0
Housefurnishings.....	115.9	115.2	100.5	+0.6	+15.3
Sundries.....	100.6	100.6	99.3	0	+1.3
Weighted Total.....	111.5	108.8	100.0	+2.5	+11.5
<b>Seattle</b>					
Food.....	132.8	127.6	104.0	+4.1	+27.7
Housing.....	111.3	110.6	104.7	+0.6	+6.3
Clothing.....	110.2	106.4	99.0	+3.6	+11.3
Fuel and light.....	107.5	105.2	95.3	+2.2	+12.8
Housefurnishings.....	113.4	111.8	101.3	+1.4	+11.9
Sundries.....	105.5	105.5	103.6	0	+1.8
Weighted Total.....	116.0	113.6	102.8	+2.1	+12.8
<b>Spokane</b>					
Food.....	118.5	114.8	101.8	+3.2	+16.4
Housing.....	99.9	99.9	99.6	0	+0.3
Clothing.....	114.1	109.9	97.9	+3.8	+16.5
Fuel and light.....	98.9	98.1	99.8	+0.8	-0.9
Housefurnishings.....	125.0	124.7	103.2	+0.2	+21.1
Sundries.....	106.2	106.2	104.7	0	+1.4
Weighted Total.....	110.1	108.5	101.9	+1.5	+8.0
<b>Syracuse</b>					
Food.....	136.3	133.2	106.7	+2.3	+27.7
Housing.....	109.1	108.1	99.0	+0.9	+10.2
Clothing.....	118.3	113.9	98.0	+3.9	+20.7
Fuel and light.....	104.2	104.2	98.3	0	+6.0
Housefurnishings.....	139.3	131.1	108.3	+6.3	+28.6
Sundries.....	106.0	106.0	101.6	0	+4.3
Weighted Total.....	118.2	116.3	102.2	+1.6	+15.7



# COST OF LIVING OF WAGE EARNERS AND LOWER-SALARIED CLERICAL WORKERS IN 60 CITIES DURING DECEMBER, 1941, AND JANUARY, 1942—Continued

Source: THE CONFERENCE BOARD

Index Numbers, January, 1939=100

CITY	Index Numbers Jan., 1939=100			Percentage Changes		CITY	Index Numbers Jan., 1939=100			Percentage Changes	
	Jan. 1942	Dec. 1941	Jan. 1941	Dec. 1941 to Jan. 1942	Jan. 1941 to Jan. 1942		Jan. 1942	Dec. 1941	Jan. 1941	Dec. 1941 to Jan. 1942	Jan. 1941 to Jan. 1942
<b>Toledo</b>						<b>Wilmington, Del.</b>					
Food.....	122.6	119.6	100.2	+2.5	+22.4	Food.....	130.3	123.9	106.7	+5.2	+22.1
Housing.....	103.2	103.2	99.7	0	+3.5	Housing.....	103.9	103.6	101.6	+0.3	+2.3
Clothing.....	112.2	110.3	97.4	+1.7	+15.2	Clothing.....	118.2	113.9	101.1	+3.8	+16.9
Fuel and light.....	107.8	107.8	99.7	0	+8.1	Fuel and light.....	103.1	103.1	98.3	0	+4.9
Housefurnishings.....	114.5	114.4	100.5	+0.1	+13.9	Housefurnishings.....	114.0	112.1	98.0	+1.7	+16.3
Sundries.....	102.7	102.7	101.3	0	+1.4	Sundries.....	99.5	99.5	99.3	0	+0.2
Weighted Total.....	110.5	109.4	100.1	+1.0	+10.4	Weighted Total.....	113.5	110.7	102.1	+2.5	+11.2
<b>Wausau, Wis.</b>						<b>Youngstown</b>					
Food.....	126.3	123.9	107.1	+1.9	+17.9	Food.....	125.8	121.7	102.1	+3.4	+23.2
Housing.....	102.7	102.7	104.9	0	-2.1	Housing.....	108.6	108.6	107.2	0	+1.3
Clothing.....	113.2	109.9	98.6	+3.0	+14.8	Clothing.....	117.3	114.1	102.4	+2.8	+14.6
Fuel and light.....	102.7	101.9	97.5	+0.8	+5.3	Fuel and light.....	109.5	109.5	100.5	0	+9.0
Housefurnishings.....	123.4	120.9	103.0	+2.1	+19.8	Housefurnishings.....	119.4	117.9	100.8	+1.3	+18.5
Sundries.....	103.6	102.9	100.7	+0.7	+2.9	Sundries.....	105.4	105.4	102.7	0	+2.6
Weighted Total.....	113.3	111.7	103.0	+1.4	+10.0	Weighted Total.....	115.7	113.8	103.1	+1.7	+12.2

rRevised

aData on rents for Dayton being revised

n.a. Not available

pPreliminary

"Fuel and light" is based upon retail prices of 35 kilowatt hours of electricity, 1,000 cubic feet of natural gas or 2,000 cubic feet of manufactured gas, and coal or other fuel for heating.

## COST OF LIVING IN 8 CITIES, DECEMBER, 1941 AND JANUARY, 1942

Source: THE CONFERENCE BOARD

Percentage Changes

CITY	Dec. 1941 to Jan. 1942	Jan. 1941 to Jan. 1942	CITY	Dec. 1941 to Jan. 1942	Jan. 1941 to Jan. 1942
<b>Anderson, Ind.</b>			<b>Lewistown, Pa.</b>		
Food.....	+1.1	+18.0	Food.....	+2.4	n.a.
Housing.....	0	+9.4	Housing.....	+0.1	n.a.
Clothing.....	+3.1	+19.9	Clothing.....	+2.0	n.a.
Fuel and light.....	0	+5.0	Fuel and light.....	0	n.a.
Housefurnishings.....	+0.8	+23.8	Housefurnishings.....	+1.4	n.a.
Sundries.....	+0.1	+2.4	Sundries.....	+0.1	n.a.
Weighted Total.....	+0.8	+11.6	Weighted Total.....	+1.2	n.a.
<b>Evansville, Ind.</b>			<b>Rockford, Ill.</b>		
Food.....	+2.4	n.a.	Food.....	+1.4	n.a.
Housing.....	+0.2	n.a.	Housing.....	0	n.a.
Clothing.....	+2.5	n.a.	Clothing.....	+3.5	n.a.
Fuel and light.....	+1.1	n.a.	Fuel and light.....	0	n.a.
Housefurnishings.....	+2.7	n.a.	Housefurnishings.....	+2.1	n.a.
Sundries.....	+1.0	n.a.	Sundries.....	0	n.a.
Weighted Total.....	+1.5	n.a.	Weighted Total.....	+0.9	n.a.
<b>Flint, Mich.</b>			<b>Saginaw, Mich.</b>		
Food.....	+5.0	+25.2	Food.....	+3.3	+23.7
Housing.....	-0.2	+6.1	Housing.....	+1.1	+11.1
Clothing.....	+3.6	+17.8	Clothing.....	+0.8	+10.2
Fuel and light.....	0	+11.2	Fuel and light.....	0	+6.1
Housefurnishings.....	+1.2	+16.8	Housefurnishings.....	+3.0	+20.5
Sundries.....	0	+2.8	Sundries.....	+0.1	+3.1
Weighted Total.....	+2.1	+13.2	Weighted Total.....	+1.6	+12.8
<b>Joliet, Ill.<sup>1</sup></b>			<b>Trenton, N. J.</b>		
Food.....	+2.7	n.a.	Food.....	+1.5	+16.6
Housing.....	0	n.a.	Housing.....	+0.3	+13.3
Clothing.....	+2.8	n.a.	Clothing.....	+4.4	+19.0
Fuel and light.....	0	n.a.	Fuel and light.....	0	+5.4
Housefurnishings.....	+3.0	n.a.	Housefurnishings.....	+0.7	+21.6
Sundries.....	+0.2	n.a.	Sundries.....	+0.3	+3.8
Weighted Total.....	+1.5	n.a.	Weighted Total.....	+1.2	+12.4

<sup>1</sup>Includes Lockport and Rockdale



## Strikes and Turnover Rates

**D**URING THE month of January strikes were again considerably curtailed. The labor disputes which arose were frequently settled before reaching the strike stage. On January 12, 1942, President Roosevelt created by an executive order the National War Labor Board, consisting of four representatives each of the public, industry and labor. William H. Davis, Chairman of the former National Defense Mediation Board, is its head. It was created to adjust labor disputes and to avert strikes and lockouts in order that "there shall be no interruption of any work which contributes to the effective prosecution of the war."

The board, since it was given broad powers to handle labor disputes and to form its own rules and regulations, has decided to devote its time to the final determination of disputes which cannot be settled by mediation or

voluntary arbitration. On January 22, the board settled its first strike. The men at Western Machine Tool Works, Holland, Michigan, returned to work in response to an appeal to their patriotism and after being reminded of the industry-labor no-strike, no-lockout pledge. February 3 was set for a hearing on the dispute.

Welders in the Seattle and Tacoma, Washington, shipyards walked out again on January 30, when nine of them were discharged for failure to pay union dues, which is one of the conditions of employment. They are demanding a welders' independent international union within the AFL in order to do away with the necessity of belonging to more than one union in order to carry on their work in different fields. However, by February 3 the walkout was virtually at an end. They are now planning a completely new strategy.

### STRIKES, TURNOVER RATES, AND PRODUCTION

Date	All Occupations			Production <sup>1</sup> (1935-1939 = 100)	Manufacturing				
	Strikes <sup>1</sup>		Man Days Idle During Period (Thousand)		Turnover Rates per 100 Employees <sup>1</sup>				Accessions
	Beginning in Period				Separations				
	Number	Workers Involved (Thousand)			Total	Quits and Miscella- neous	Discharges	Lay-offs	
1929.....	921	289	5,352	110	75.23 <sub>a</sub>	41.01 <sub>a</sub>	9.04 <sub>a</sub>	25.17 <sub>a</sub>	67.61 <sub>a</sub>
1930.....	637	183	3,317	90	59.65	18.64	5.04	35.97	37.02
1931.....	810	342	6,893	74	48.38	11.39	2.72	34.27	36.59
1932.....	841	324	10,502	57	51.98	8.34	1.96	41.68	39.82
1933.....	1,695	1,168	16,872	68	45.38	10.66	2.49	32.23	65.20
1934.....	1,856	1,467	19,592	74	49.17	10.67	2.24	36.26	56.91
1935.....	2,014	1,117	15,456	87	42.74	10.37	2.29	30.08	50.05
1936.....	2,172	789	13,902	104	40.35	13.02	2.63	24.70	52.16
1937.....	4,740	1,861	28,425	113	53.11	14.97	2.38	35.76	42.59
1938.....	2,772	688	9,148	87	49.22	7.46	1.29	40.47	46.16
1939.....	2,613	1,171	17,812	108	37.71	9.52	1.52	26.67	48.85
1940.....	2,508	577	6,701	124	40.20	12.48	1.80	25.92	52.68
1940 January.....	128	27	247	118	3.43	0.74	0.14	2.55	3.74
February.....	172	30	290	114	3.56	0.73	0.16	2.67	2.98
March.....	178	22	387	112	3.46	0.78	0.15	2.53	2.94
April.....	228	39	442	112	3.66	0.84	0.13	2.69	3.05
May.....	239	53	666	117	3.78	0.87	0.13	2.78	3.36
June.....	214	39	484	122	3.36	0.90	0.14	2.32	4.76
July.....	244	63	586	120	3.35	0.96	0.14	2.25	4.77
August.....	231	61	706	125	3.00	1.21	0.16	1.63	6.63
September.....	253	65	781	133	3.22	1.58	0.16	1.48	6.21
October.....	267	72	915	138	3.23	1.51	0.19	1.53	5.52
November.....	207	62	740	139	3.06	1.28	0.18	1.60	4.65
December.....	147	43	458	140	3.16	1.14	0.16	1.86	4.11
1941 January.....	232	92	659	139	3.41	1.62	0.18	1.61	5.54
February.....	253	70	1,130	144	3.15	1.76	0.19	1.20	4.92
March.....	338	116	1,554	149	3.40	2.13	0.21	1.06	5.62
April.....	395	511	7,106	153	3.89	2.45	0.25	1.19	6.04
May.....	450	325	2,183	160	3.86	2.54	0.24	1.08	5.95
June.....	340	141	1,469	165	3.71	2.42	0.26	1.03	6.31
July.....	413	140	1,307	164	4.24	2.55	0.29	1.40	6.00
August.....	430	208	1,757	167	4.14	2.71	0.30	1.13	5.43
September.....	421	280	1,874	172	4.53	3.06	0.31	1.16	5.16
October.....	450	272	1,960	172	4.13	2.44	0.28	1.41	4.87
November.....	300	235	1,450	172	3.51	1.83	0.24	1.44	3.91
December.....	175	35	500	172	n.a.	n.a.	n.a.	n.a.	n.a.

NOTE—For back figures see *The Conference Board Economic Record*, February 11, 1941, p. 57. <sup>1</sup>United States Bureau of Labor Statistics <sup>2</sup>Federal Reserve annual production data are averages of monthly figures. <sup>a</sup>June to December <sup>p</sup>Preliminary <sup>n.a.</sup>Not available <sup>r</sup>Revised



LABOR DISPUTES ORIGINATING IN JANUARY, 1942<sup>1</sup>

Company	Location	Began	Ended	Workers Involved
<b>Manufacturing, Building and Mining</b>				
Aluminum Ladder Co. <sup>2</sup>	Tarentum, Pa.	Jan. 5	..	..
Berkshire Fine Spinning Associates, Inc.	Fall River, Mass.	20	Jan. 25	200
Carnegie Illinois Steel Corporation, Gary Sheet and Tin Mill.	Gary, Ind.	30	..	a
Construction Workers (Defense housing project)	Winfield, N. J.	14	..	50
Doyle Machine and Tool Corporation	Syracuse, N. Y.	11	16	250
Ford Motor Co. (Rouge plant)	Dearborn, Mich.	14	14	2,000
General Motors, Fisher Body Plant <sup>3</sup>	Detroit, Mich.	20	..	1,500
Printers <sup>4</sup>	Baltimore, Md.	11	14	..
Welders	Seattle and Tacoma, Wash.	30	..	1,200-1,400
Western Machine Tool Works	Holland, Mich.	20	22	140
<b>Miscellaneous</b>				
Fishermen and Shore Workers	Boston and New Bedford, Mass.	19	..	3,500
North Shore Bus Co.	Queens and Nassau County, N. Y.	19	19	b
Service Employees, Hotel St. George	Brooklyn, N. Y.	21	21	200

<sup>1</sup>Incomplete report based on available information published in the press.

<sup>2</sup>Proprietor closed plant because Union leaders said they would walk out January 7 if their wage demands were not met.

<sup>3</sup>Demanded more war work.

<sup>4</sup>Presence demanded at union meeting for 60 hours.

<sup>a</sup>Slow-down of 240 reckoners caused the management to send home 2,000 workers on January 30 and 31.

<sup>b</sup>75 buses. Drivers refused to cross an oil company's picket line at the garage.

Two large groups of automobile workers were involved in relatively short work stoppages during January. Two thousand men were sent home from the Ford Motor Company's Rouge plant on January 14 because of arguments caused by the 10-hour shift recently put into effect in the production of scout cars and trucks for the Army. A walkout was staged by 1,500 employees of the Fisher Body plant of the General Motors Corporation on January 20. They held a demonstration on the State Capitol grounds at Lansing, Michigan, protesting that the company had failed to provide sufficient war work for their plant.

The Ryan Aeronautical Company is in a strange predicament. Its employees quit because of a delay in settling a wage dispute. An agreement has been reached on a wage increase, but the date to which it shall be retroactive is in dispute.

## STRIKES IN DECEMBER

Preliminary figures released by the United States Bureau of Labor Statistics show that 175 strikes began during the month of December. These strikes involved 35,000 workers. Man-days idle because of strikes amounted to 500,000. This was the lowest number of strikes beginning in one month since December, 1940, when 147 strikes were reported. The number of workers involved was the smallest since March, 1940, and the number of man days idle was the lowest recorded since December, 1940.

## TURNOVER RATES

The rate of accessions in manufacturing industries fell for the fifth consecutive month to the lowest level since May, 1940. It was 3.91 per hundred employees in November as compared with 4.87 in October and 4.65 in November, 1940. This was a decline of 19.7% from October and 15.9% from November, 1940.

Practically all reporting industries showed decreases in their accession rates during the month of November. Employment in the defense industries continued to increase but the accession rates were lower. The aircraft and shipbuilding industries continued to show high accession rates, although these were considerably lower than last month's rates. The aircraft rate fell from 10.62 to 7.84; it was 10.33 a year ago. Shipbuilding showed a decline from 14.60 to 12.40 but still remained higher than the 7.80 of last November.

For several months prior to the beginning of the defense program in June, 1940, separations were higher than accessions. Since then total accessions have been greater than total separations, reaching a peak difference in August, 1940. Now, however, the two rates are practically equal again. Workers are shifting from industries in which work has been curtailed to defense industries where new men are needed. The tendency is for them to leave the saw mill and planing mill, radio and phonograph, brick, tile and terra cotta, cement, cigar and cigarette, brass, bronze and copper product, men's clothing, and rayon and allied product industries to enter the shipbuilding, aircraft, engine, turbine and water wheel and machine tool industries.

The total separation rate fell to 3.51 per hundred employees in November from 4.13 in October, although it remained slightly higher than the rate of 3.06 in November, 1940. It was the lowest total separation rate since March, 1941, when it was 3.40. The quit rate was 1.57, the lowest since February, 1941; but the lay-off rate was 1.44, the highest since January, 1941. Military separations were 0.15 per hundred in November, as compared with 0.21 in October.

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## Employment and Unemployment

UNEMPLOYMENT during 1941 dropped to its lowest level since 1930 to average slightly less than 3.5 million, as compared with 7.8 million in 1940 and 8.9 million in 1939. Of every thousand gainful workers in the labor force 937 were employed during the past year, as against only 766 in 1933, 834 in 1939 and 857 in 1940.

Almost 4.8 million more persons were employed than in the preceding year. Of these, about 3.7 million were placed on civilian payrolls, while the remaining 1.1 million were added to the armed forces. Only in agriculture was the 1941 level of employment lower than in the preceding year.

The largest absolute gain in employment came in manufacturing which averaged 13.2 million in 1941, in contrast to 10.5 million in 1939 and 11.3 million in 1940. Average employment in construction rose from 1.9 million in 1940 to 2.6 million, a gain of almost 37%. The greatest percentage increase, however, occurred in the armed forces, with approximately three times as many men under arms as in 1940. In contrast to all other major industries, the average number engaged in agriculture continued to move steadily downward from its 1935 level of 11,253,000 to a new low of 10,271,000.

### Trends in December

Excluding agriculture and the armed forces, industrial employment was only slightly higher than in

November. It totaled 40,793,000 as against 40,732,000 in November and 40,890,000 in September, its all-time high. Declines in manufacturing, construction and transportation were fully offset by greater employment in trade and distribution to meet increased December holiday volume.

Agricultural employment followed its regular seasonal pattern and reached its lowest level for the year. At the peak of operations in June almost 11.8 million were employed in agriculture. By December this had been reduced to 8.7 million, the year's minimum.

Contraction of agricultural employment added 684,000 to the December unemployment total. Gains in trade and the service industries (including the armed forces) were insufficient to offset the reduction in agricultural employment. Unemployment again increased for the third consecutive month, despite the continued expansion of the military forces and industrial employment. The total for December is estimated at 3.2 million, as against 2.8 million in November and 1.7 million in October.

While December unemployment remained somewhat below the annual average, it was greater than in any other month since April, 1941. The corresponding December totals for 1939 and 1940 were 9.6 million and 7.3 million, respectively.

With the exception of trade, service and small miscellaneous industries, all the major industrial groups reported a smaller number employed than in November.

In manufacturing, employment amounted to 13,831,000, as against 13,951,000 in October and 13,890,000 in November. In the five basic industries (minerals, manufacturing, construction, transportation and public utilities), the number at work was almost 500,000 lower than in October, and about 350,000 lower than in November.

### Emergency Labor Force

Employment in the emergency labor force has been cut by more than a third during the past three years. It averaged 1.9 million in 1941, compared with almost three million in 1939 and 2.5 million in 1940. The December total of 1,463,000 was the lowest for the year and marked the resumption of the steady downward trend which had been interrupted only in the preceding month.

EMPLOYMENT AND UNEMPLOYMENT, DECEMBER, 1941, AND ANNUAL AVERAGES<sup>1</sup>  
In thousands

	Average			December		1941		
	1939	1940	1941 <sup>p</sup>	1939	1940	October	November	December
Total unemployment...	8,916	7,787	3,442	9,551	7,263	1,672	2,796	3,228
Total employment (including armed forces)...	44,872	46,546	51,342	44,499	47,282	53,240	52,152	51,758
Agriculture.....	10,618	10,443	10,271	8,641	8,614	10,420	9,349	8,665
Forestry and fishing....	198	208	215	198	201	223	209	203
Total industry.....	15,639	16,854	19,711	16,515	18,271	20,918	20,798	20,457
Extraction of minerals.....	707	756	758	773	764	810	806	804
Manufacturing.....	10,517	11,288	13,198	11,280	12,122	13,951	13,890	13,831
Construction.....	1,610	1,907	2,606	1,579	2,441	2,810	2,791	2,545
Transportation.....	1,871	1,948	2,134	1,942	1,976	2,300	2,269	2,238
Public utilities.....	934	956	1,015	940	968	1,047	1,042	1,039
Trade, distribution and finance.....	7,511	7,631	7,843	8,082	8,197	7,980	8,047	8,403
Service industries (including armed forces).....	9,978	10,432	12,188	10,092	10,951	12,539	12,589	12,861
Miscellaneous industries.....	928	978	1,113	972	1,048	1,161	1,161	1,169
Emergency employment <sup>2</sup> WPA, CCC, and NYA (out-of-school).....	2,959	2,498	1,926	2,730	2,447	1,472	1,503	1,463

<sup>1</sup>Revised series. For comparable employment figures see *The Conference Board Economic Record*, October 11, 1941, pp. 399-402; for unemployment, *The Conference Board Economic Record*, December 24, 1941, pp. 557-560.

<sup>2</sup>Not included in employment total

<sup>p</sup>Preliminary

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## Chronology of Events Affecting Labor Relations January 1 to January 31

### January

- 2 *President Appeals for Fairness to Aliens*—The President urges employers not to discharge workers merely because they are aliens. He characterizes such indiscriminating policy as "as stupid as it is unjust."
- 4 *Maritime Labor Board Appointed*—Chairman Land of Maritime Commission announces personnel of board to settle differences arising between seagoing employees and operators of merchant ships. Board is empowered to settle all difficulties arising out of war conditions.
- 5 *Shipyards Workers Form Association*—A national organization of independent shipyard workers on the Atlantic coast is established under the name of East Coast Alliance of Shipyards Unions. Organization claims to represent 100,000 shipyard workers.
- 6 *British Approve 60-Hour Week*—British Government approves recommendation of committee investigating labor output that work week under war conditions be limited to 6 days per week and to 60 hours for men and 55 hours for women.  
*Kearny Shipyards Returned to Owner*—United States Navy returns to private ownership the Federal Shipbuilding and Dry Dock Company, operation of which had been taken over August 23 because of suspension of operation due to strike.
- 8 *Great Increase in War Workers*—National Resources Planning Board estimates that defense employment would reach 15,000,000 by end of this year and may reach 23,500,000 in 1944.  
*Membership Maintenance Issue Revived*—Federal Shipbuilding and Dry Dock Company declines to commit itself on action regarding the membership maintenance controversy which originally caused the conflict with the union leading to federal operation of yards.
- 9 *New AFL High Membership Figure*—American Federation of Labor reports paid-up membership as of December 31 of 4,827,724, highest in its history. It joins with CIO in calling for greater management-labor cooperation toward attainment of war production goal.
- 12 *War Labor Board Created*—President establishes new National War Labor Board with William H. Davis, former head of N.D.M.B., as chairman. Board contains three other representatives of public and four representatives each of organized labor and management.
- 13 *7-Day Week for Pacific Shipyards*—19 shipyards on Pacific Coast agree with labor on 7-day week to provide maximum ship construction. Workers themselves will work 6 days per week, with time-and-a-half wage rates after 40 hours.
- 16 *War Labor Board to Be Last Resort*—Newly created War Labor Board plans to act only for the final determina-

### January

- 16 tion of disputes which cannot be settled by mediation or voluntary arbitration. At organization meeting, Board appoints special committee to work out problems of organization and procedure.  
*Union Official Critic Reinstated*—New York State Supreme Court orders Transport Workers Union to reinstate a bus conductor dropped from membership for criticizing union president. Under closed-shop agreement of the company, suspension of membership in the union required that man be discharged.
- Wage-hour Division Will Move to New York City*—In connection with the program to remove from Washington government agencies that can function equally well elsewhere and so provide more space in the nation's capital, the Labor Department announces that the Wage-hour Division, employing 500 persons, will be transferred to New York City, where it will occupy space at 1560 Broadway.
- 17 *Labor Secretary Warns Unions*—In her annual report, Secretary of Labor Perkins reminds organized labor that it faces possibility of government regulation like other American institutions unless it adopts "sound, intelligent, economic, social, political and moral practices," and selects leaders and officers trusted by employers, the government and the people.  
*Lewis Proposes AFL-CIO Merger*—In a surprise move John L. Lewis suggests, in letters to William Green and Philip Murray, that steps be taken to institute conferences with a view to harmonizing the difficulties between the two labor federations.
- 22 *Bill to Require Union Publicity*—Congressman Vinson, Chairman of House Naval Affairs Committee, introduces bill providing for the registration of labor unions and publicity regarding their finances. The bill is a result of findings of this Committee in its investigation of war contracts.
- 24 *President Forms Labor Advisory Board*—President invites AFL and CIO to appoint three representatives each who would meet with him to consider broad labor policy matters and to avoid jurisdictional disputes.
- 26 *CIO Demands Wage Rise*—Executive board of CIO calls on all affiliated unions to demand substantial wage increases whenever new agreements are negotiated. Action explained by CIO President as due to "outrageous" rise in profits since the United States began to prepare for war.
- 28 *Bill for 48-Hour Week Introduced*—Senator Reed of Kansas introduces bill to increase standard work week for the duration of the war from 40 to 48 hours, providing that overtime would not be payable until 48 hours had been worked.